

# FINANCIAL TIMES

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## Northrop wins its fight for Grumman with increased bid

US defence equipment manufacturer Northrop won control of US defence company Grumman after rival bidder Martin Marietta declined to raise its bid. Northrop increased its offer for the company to $62 a share, even though, at $60 a share, it had already made the higher bid ahead of a weekend deadline for offers set by the Grumman board. Page 17

## Three dead and 13 hurt in Amsterdam air crash

Three people were killed and 13 seriously hurt when a KLM Royal Dutch Airlines flight carrying 21 passengers and three crew crashed near Amsterdam's Schiphol airport. The twin turbo-prop Saab 340B aircraft, flying from Schiphol to Cardiff, crashed as it tried to land after developing engine trouble over the North Sea. It came down close to a motorway linking Amsterdam and The Hague.

**Russian aviation industry 'in chaos':** A Russian-leased A-310 Airbus crashed, killing all 75 people on board, because the pilot handed the controls over to his teenage son, the head of the Russian pilots' union confirmed. He said the tragedy was the result of chaos in Russia's civil aviation industry. Page 16

**Seven involved in Colosio murder:** At least seven people took part in a conspiracy to murder Mexican ruling party presidential candidate Luis Donaldo Colosio, the government-appointed special investigator said. Five people are already under arrest for the killing.

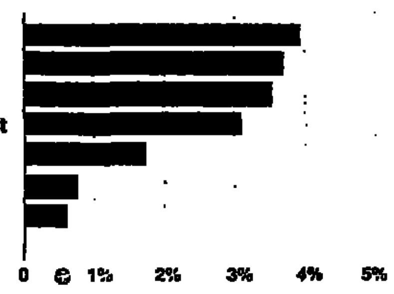
**VW rebuts fresh claims against López:** German motor group Volkswagen dismissed as "highly speculative" a report of impending legal action for perjury against Mr José Ignacio López de Arriortúa, group production director. Page 3

**London and Dublin reject ceasefire:** The British and Irish governments were united in their rejection of the three-day ceasefire which the IRA will begin at midnight, saying it is an inadequate gesture. Page 8

**Prospects stay bright for US industry:** Prospects for US manufacturing industry remained bright in March, according to a monthly survey of purchasing managers. Page 6

**European Monetary System:** The spread between the strongest and weakest currencies narrowed last week as policy tightening boosted the Portuguese escudo at the bottom. A trimming of rates helped the Belgian franc replace the D-Mark as the second strongest currency behind the Dutch guilder. The Danish kroner slipped behind the Spanish peseta. Currencies, Page 31

**EMS: Grid** March 31, 1994




*The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.*

**Japan plans multimedia network:** Japan is drawing up a plan to unite the country's fragmented cable television operations into a network which could provide a full range of multimedia services. Page 4

**Revco pays $600m for rival:** US drug store chain Revco is to acquire rival chain Hook-SupeRx for $600m in a deal which signals a further consolidation in the drug distribution business in the US. Page 19

**New move in battle for Corange:** The battle for control of Bermuda based pharmaceutical group Corange took a new twist when Curt Engelhorn, its biggest single shareholder, threatened to sell his stake. Page 19

**West German production likely to rise:** Industrial production in west Germany will rise by 2 per cent this year because of rising foreign demand, a report from the Munich-based Ifo economic research institute says. Page 16

**S Africa summit plans revived:** Plans for a peace summit of South Africa's political leaders have been revived amid fears that the new state of emergency in Natal may not be able to contain violence. Page 5

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| Tokyo Nikkei | 19,122.22 | (154.94) |
| New York lunchtime | | |
| Dow Jones Ind Ave | 3592.49 | (-43.47) |
| S&P Composite | 439.48 | (-6.29) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 3½% |
| 3-mo Treas Bills: Yld | 3.692% |
| Long Bond | 87⅓ |
| Yield | 7.293% |

**Gold**

| | | |
|---|---|---|
| New York Comex (June) | $388.7 | (388.6) |

**STERLING**

New York lunchtime:

| | |
|---|---|
| $ | 1.4665 |

**DOLLAR**

New York lunchtime:

| | |
|---|---|
| DM | 1.6982 |
| FFr | 5.7985 |
| SFr | 1.4255 |
| Y | 103.45 |

Tokyo close Y 103.77

London markets closed

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Austria | Sch32 | Greece | Dr350 | Lux | LFr65 | Qatar | QR13.00 | | |
| Bahrain | Din1.250 | Hong Kong | HK$18 | Malta | Lm0.60 | S.Arabia | SR11 | | |
| Belgium | BFr65 | Hungary | Ft185 | Morocco | MDh15 | Singapore | S$4.30 | | |
| Bulgaria | Lv25.00 | Iceland | IKr215 | Neth | Fl 4.00 | Slovak Rp | KS50 | | |
| Cyprus | C£1.10 | India | Rs60 | Nigeria | Naira50 | South Africa | R12.00 | | |
| Czech Rp | CZK50 | Israel | Shk6.90 | Norway | NKr17.00 | Spain | Pta225 | | |
| Denmark | DKr16 | Italy | L3000 | Oman | OR1.50 | Sweden | SKr16 | | |
| Egypt | E£5.00 | Japan | Y500 | Pakistan | Rs40 | Switz | SFr3.30 | | |
| Finland | FM14 | Jordan | JD1.50 | Philippines | Pso60 | Syria | S£50.00 | | |
| France | FFr9.00 | Kuwait | Fils.625 | Poland | Zl32,000 | Tunisia | Din1.500 | | |
| Germany | DM3.50 | Lebanon | US$1.50 | Portugal | Es225 | Turkey | L13000 | | |
| | | | | | | UAE | Dh12.00 | | |

# Israel steps up troop withdrawals

## Move out of occupied territories boosts peace process

**By Julian Ozanne in Jerusalem and Mark Nicholson in Cairo**

Middle East peace efforts gained urgency yesterday as Israel stepped up withdrawing and redeploying troops and equipment in the occupied territories in preparation for Palestinian self-rule and the arrival of the first contingent of Palestinian policemen.

The move will add momentum to regional peace talks after months of delay and bitter wrangling and marks Israel's first concrete steps towards winding down more than a quarter century of occupation of the territories, in which live 1.9m Palestinians.

Israel's actions bolstered the confidence of Mr Yassir Arafat, Palestine Liberation Organisation leader, who said he was making plans to return to the territories next month and be based in Jericho.

The rapidly unfolding Israeli withdrawal also caused Syrian President Hafez al-Assad, concerned that Israeli-Palestinian progress would leave Syrian-Israeli talks in a backwater, to fly to Cairo for talks with Egyptian President, Hosni Mubarak.

In both the Gaza Strip and West Bank town of Jericho, soldiers yesterday loaded up equipment and furniture on to trucks and evacuated prisons, police and military facilities to prepare for up to 500 Palestinian policemen expected to arrive this week. Palestinians also said the Israeli army was close to completing the evacuation of 600 prisoners from the Ansar II prison camp in Gaza city to a detention facility in Israel's Negev desert. The Ansar camp is to be used by Palestinian policemen as a training and command centre.

Some Palestinian youths stoned soldiers packing up equipment but at other places crowds of teenagers gathered round the departing Israeli troops clapping and chanting Palestinian nationalist slogans. PLO leaders welcomed the long-awaited change on the ground. "It can be seen that the Israel army is evacuating a lot of areas, thinning out many forces," Mr Soufiari Abu Zayda, a PLO official in Gaza, told Israel radio. "That says the agreement is beginning to be implemented in the field. That is what is important."

Israeli military officials said the government had instructed them to be prepared to complete evacuation of the Gaza-Jericho area by April 14 - the date originally agreed in the peace accord signed last September. The army said it had been told the final evacuation moves should be finished five days after Israel and the PLO conclude negotiations under way in Cairo on a self-rule agreement for Gaza-Jericho.

Mr Nabil Shaath, chief PLO negotiator in Cairo, said he foresaw smooth progress and expected agreement within two weeks. However Mr Yossi Sarid, Israeli minister of the environment, said he expected the Cairo talks would only be finalised by the end of April allowing for a Israeli military withdrawal to be completed two or three days later.

Talks on the deployment of the first contingent of Palestinian police continued into the night in Cairo, with the PLO drafting into the negotiations two of its most senior military officers, Major-Generals Nasr Youssef and Abderazzak al-Yahya.

PLO officials have said they expect a force of more than 400 men to arrive in Gaza and Jericho "within a week" with an advance party of officers due in earlier.

Officials from Norway, Denmark and Italy, which are to supply the 160 international observers for Hebron, also met yesterday in the Egyptian capital, but gave no indication when the first of their officers would arrive in the West Bank town. Israel also said it would allow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Bank branch opens as Palestinian self-rule nears, Page 5
Hotbed of high-tech, Page 15


## Dow Jones rallies after initial 83-point decline

# US stocks hit by fears of interest rate rise

**By Philip Coggan, Economics Correspondent**

Shares on Wall Street fell sharply yesterday in response to worries that robust US economic growth reported on Friday would make interest rate rises more likely.

However, fears of a Wall Street mightcollapse proved unfounded. The Dow Jones Industrial Average dropped 83 points to 3,552 in early trading but then rallied on bargain-hunting.

US stock markets had been closed on Good Friday and yesterday was the first chance for share traders to react to Friday's announcement of a 456,000 increase in non-farm payrolls in March. The rise, the largest monthly increase since October 1987, indicated that the US economy is growing strongly and raised fears that the Federal Reserve Bank would find it necessary to push up interest rates again.

The Fed has increased short-term rates from 3 to 3.5 per cent in two moves since early February. Since the first increase in short rates, on February 4, bond and share prices have fallen around the world.

Unlike the US stock market, bond markets were open on Friday and the 30-year US Treasury bond fell 1¼ points on the day.

**Wall Street's nervousness sets the tone**

| Dow Jones Industrial average | |
|---|---|
| 1994 high (31/1) | 3,987.36 |
| Thursday (31/3) | 3,635.96 |
| Monday (4/4) 1pm-local time | 3,599.11 |
| **NASDAQ composite** | |
| 1994 high (18/3) | 803.93 |
| Thursday (31/3) | 743.46 |
| Monday (4/4) 1pm-local time | 729.60 |
| **Japan (Nikkei 225 av)** | |
| 1994 high (18/3) | 20,677.77 |
| Friday (1/4) | 19,277.16 |
| Monday (4/4) | 19,122.22 |
| **Singapore (Straits Times)** | |
| 1994 high (4/1) | 2,471.9 |
| Friday (1/4) | 2,080.9 |
| Monday (4/4) | 2,039.1 |
| **Malaysia (KLSE composite)** | |
| 1994 high (5/1) | 1,314.46 |
| Friday (1/4) | 959.94 |
| Monday (4/4) | 928.32 |
| **Thailand (Bangkok SET)** | |
| 1994 high (4/1) | 1,753.73 |
| Thursday (31/3) | 1,239.69 |
| Monday (4/4) | 1,196.64 |
| **Brazil (Bovespa)** | |
| 1994 high (30/3) | 15,156.00 |
| Wednesday (30/3) | 15,156.00 |
| Monday (4/4) 1pm-local time | 14,150.00 |
| **Mexico (IPC)** | |
| 1994 high (8/2) | 2,881.17 |
| Wednesday (30/3) | 2,410.38 |
| Monday (4/4) 1pm-local time | 2,353.31 |

Since bond and share prices often move in tandem, yesterday's fall in the Dow represented, in part, a catching-up with Friday's bond market weakness.

Yesterday's nervousness on Wall Street will set the tone for the largest European stock markets in London, Paris, and Frankfurt, which resume trading today after Easter. Traders expect further weakness in London shares. The FT-SE 100 index, which closed on Thursday at 3,086.4, is already 12.4 per cent down from its February 2 peak.

When the Dow fell 50 points at the start of yesterday's trading, restrictions on program trading were imposed, under New York Stock Exchange rules. However, there was no sense of panic and mutual fund management group


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# Investment surge aids Russian restructuring

**By John Lloyd in Moscow**

A surge of domestic and foreign investment in Russia is boosting the shares of privatised companies and giving much-needed momentum to the process of industrial restructuring, according to financiers.

The flow of foreign funds into the country reached $400m in the first quarter of this year, raising hopes of a long-awaited breakthrough in investor interest in Russia, although some experts are less optimistic.

The prices of vouchers which Russians used to buy shares in privatised companies have been rising steadily and trading in shares of some of the "plum" enterprises has been frenetic, say financiers.

The two-year privatisation programme, due to end in June, is now releasing shares of companies in the utility, communication and energy sectors, at knock-down prices.

They include the Unified Energy System, the world's largest integrated power generation company; the Lukoil holding company, Russia's largest oil producer and refiner; the Rostelkom telephone corporation; and the Primorsk and Novorossisk Shipping companies, which dominate the Russian far east and Black Sea maritime routes.

Shares in Unified Energy System have risen from an original nominal price of Rbs1,000 (70 US cents) when they were sold to workers to $2.30 when workers sold their shares in over-the-counter trading and to about $8 in the national voucher auction, when members of the public bid their vouchers for a 13 per cent stake in the company. Even so, the valuation of the company was extremely low by international standards, according to Mr Boris Jordan, head of the Credit Suisse First Boston branch in Moscow - the largest foreign bank engaged in buying and selling shares in the Russian market and the only one with a broker's licence from the Ministry of Finance.


'Jewish' row unsettles Zhirinovsky ............Page 2


"A similar company, producing that number of kilowatts, would be worth about $49bn in the US, over $30bn in central Europe. Here it was worth $200m. The world has not yet woken up to the fact that Russian assets are so extremely cheap," says Mr Jordan.

In this climate, Russian investment funds, many of them cash-rich from arbitrage activities, are buying enough shares in some companies to control the management board. These funds, say CSFB executives, are now sophisticated, knowledgeable and eager to restructure the companies under their control.

Mr Stephen Jennings, CFSB's investment banking director, believes the next three to five years will see widespread change in Russia's industrial sector.

To prevent any single group exerting control over energy monopoly Gasprom, one of Russia's most profitable enterprises which is currently being privatised, 30 per cent of the company is being sold by voucher auction in more than 70 regions across the country.

Set against the new-found enthusiasm of Russian and foreign investors for privatised companies are the growing number of complaints of foreign business people, especially in the oil sector, that rapidly changing laws and tax regimes make large deals unattractive, that organised crime is penetrating business practices, and that the country remains politically and macroeconomically unstable.

"A lot of people think Russia is coming good. I don't believe it," said one foreign legal adviser.

But Mr Adrian Ball, director of the Morgan Grenfell office in Moscow, said: "I would say there was a modest wave. Interest is higher than it was. This is particularly because privatisation is coming to an end."

# Channel borers seek new holes to drill worldwide

**By Andrew Taylor in London and John Ridding in Paris**

Want to buy 200km of second-hand steel pipe or 110km of copper earthing cable? Maybe you are in the market for a fleet of used excavators or a crawler-crane capable of lifting 200 tonnes? One careful owner, and it must all go.

Vast amounts of civil engineering machinery and surplus materials left over from building the Channel tunnel, which opens officially on May 6, are attracting possible buyers from Malaysia, Denmark, Abu Dhabi and the US.

Some 85 per cent of the project's second-hand equipment has already been sold, raising more than £30m for Eurotunnel, the operator, and Transmanche, the consortium of five British and five French contractors which designed and built the tunnel.

Still for sale is one of the 8.72 metre diameter tunnel-boring machines, the biggest of some eight machines that were used to cut the 50km tunnel linking Britain and France.

The machine, built in Glasgow by Howden Group, cost £7.5m and could fetch up to £2.5m second-hand, according to agents Henry Butcher, who are handling the British end of the sale.

Possible purchasers include builders of the proposed Channel tunnel rail link between London and the Kent coast. Other equipment may be bought by construction companies building London Underground's Jubilee Line extension. The agents have already sold a smaller tunnelling machine to build a storm-water drainage system in Brighton, Sussex.

Other tunnel-boring machines, which met mid-Channel, will remain entombed under the seabed. It would cost too much to dismantle and remove them. One of the French machines used to bore a section of tunnel from the French landward side is to be exhibited at the Eurotunnel terminal near Calais. Another French machine may be shipped to Britain for exhibition.

Mr Peter Harriman, a Henry Butcher partner, says the agents have raised more than £16m so far from British sales. Tunnellers building the Boston metro in the US and the 18-km Storebaelt link in Denmark have bought construction locomotives and muck wagons.

A Hong Kong developer building hospitals in Malaysia paid £500,000 for desalination plants previously used in the cooling system during construction of the Channel tunnel. A 200-tonne crawler-crane was sold to Abu Dhabi. Others were sold to the US, Singapore and Portugal, raising £2.5m, says Mr Harriman.

French contractors, unlike the British, handled the sales themselves. Mr Philippe Laboise, cost control and administration manager for the French works, says French sales have recovered about 12 per cent of the equipment's original value.

He says the amount was similar to the £16m achieved on the British side but the downturn in the construction industry had made sales difficult. "I cannot say that it has been easy," commented Mr Laboise.

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CNN report undermines nationalist leader's triumph at party congress

# 'Jewish' row unsettles Zhirinovsky

Russian Defence Minister Pavel Grachev (right) introduces Boutros Boutros Ghali to defence staff during the UN chief's visit to Moscow *Associated Press*

**By Leyla Boulton in Moscow**

Mr Vladimir Zhirinovsky emerged triumphant from a weekend congress of his ultra-nationalist, anti-Semitic Liberal Democratic party only to deny fresh evidence that he is *concealing a Jewish background* from his voters.

*Mr Zhirinovsky was officially* appointed the presidential candidate of his party at the congress, attended by guests including General Vladimir Sterligov, a far-right former KGB general, and Mr Anatoly Lukyanov, the former Soviet speaker accused of masterminding the 1991 coup but recently granted an amnesty by the Russian parliament. Their presence suggested that Mr Zhirinovsky is already preparing to enlist support in the 1996 presidential election from other ultra-nationalist parties and from the communists, whose ideology he described at the weekend as fine but badly applied.

However, just a few days after gaining blanket powers to run a party which is basically a one-man show and would collapse without him, Mr Zhirinovsky was engaged in damage control against new evidence that he is of part-Jewish ancestry, despite his assertions to the contrary.

*Film shot by CNN of his* personal records in the archives of Alma Ata, the capital of Kazakhstan, the former Soviet republic where he was born, suggested he changed his name from Edelstein at the age of 18. The CNN report said that his mother's first husband, whose surname was Zhirinovsky, died 20 months before he was born, while the marriage certificate to her second husband, Wolf Isakovich Edelstein, gave his nationality as Jewish. His mother's document show her nationality as Russian.

CNN also filmed an archive official saying she had refused a $100 bribe to help unknown visitors take away the documents last month.

If widely publicised and believed inside Russia, the news would deal a death-blow to Mr Zhirinovsky's presidential hopes given the anti-Semitism of much of his constituency and of Russia's political establishment in general.

If he manages, however, to persuade the Russian public that the report is part of a plot against him, especially one prepared and delivered by foreigners, it could play to his advantage. Confronted with the records, Mr Zhirinovsky told CNN they were "prepared by the Turkish secret service". However, his spokesman told the Itar-Tass news agency that the documents were the work of the Kazakh secret service.

# UN to assess role in Georgia

Mr Boutros Boutros Ghali, United Nations secretary-general, yesterday announced *that talks would* begin this week in Geneva to see whether UN peacekeepers *or observers* could complement Russian efforts to make peace between Georgia and its breakaway Abkhazia region, writes Leyla Boulton.

The UN chief, in Moscow for talks with the Russian leadership, had earlier witnessed the *signing of an agreement* between Georgia and *Abkhazia on the return of ref*ugees displaced by the recent conflict. They also signed a joint appeal for the UN to deploy a peacekeeping force in the region, partly to counter Russian control over the situation.

Mr Boutros Ghali told a news conference that the UN would have to decide whether to send a multinational force to operate in parallel with Russian troops already there, or simply observers. But dashing Russian hopes for UN cash to finance its existing operations there, he said Russian troops already on the ground could not be given a full UN mandate.

# Meciar skulks in Slovakia's political wings

## The ousted PM is determined to beat his enemies in the next election, writes **Anthony Robinson**

"What did I do wrong?", a cartoon figure of Mr Vladimir Meciar, Slovakia's recently *ousted prime* minister, asked Jozef Stalin, the erstwhile Soviet dictator, on *Slovak* TV last week. "You didn't abolish parliament," came the reply. This struck a chord with the many Slovaks who accuse the ex-premier of Stalinist tendencies.

Mr Meciar, leader of the Movement for a Democratic *Slovakia* (HZDS), was forced to resign earlier this month after losing a vote of *confidence in* the parliament he has dominated since taking his party to victory on a wave of nationalist euphoria in *the Czechoslovak* elections of June 1992.

But it was the Slovak president, Mr Michal Kovac, who delivered the *coup de grâce*. The president had obliquely criticised Mr Meciar with repeated calls for greater tolerance in Slovak political life. This escalated to a scathing personal attack on the prime minister and in turn gave Slovakia's fragmented opposition parties the courage to call for his resignation.

But removing Mr Meciar from political life will not be easy. He plans to emphasise his role as "father of the nation" and devote his prodigious energy to the task of dividing and confounding his enemies in the run-up to general elections set for September 30. If he wins he will exact *retribution*.

"When re-elected I will allow the president to swear me in, but then he will have to resign," he said shortly after losing power.

What sustains Mr Meciar's confidence, and worries his opponents, is the knowledge that he has already emerged from a previous political eclipse.

He was deposed by a similar parliamentary coup in April 1991 but he went on to form his own nationalist party and led it to victory 15 months later while Mr Vaclav Klaus, the Czech leader, swept to power *in the Czech Republic on a pro*gramme of economic reform.

*Since then the two countries* have moved in contrasting directions, and Mr Meciar has suffered from the comparison. The Czechs, with low inflation and low unemployment, have forged ahead with privatisation and preparations for entry into the European Union.

The Slovaks, with a weaker industrial base, have seen unemployment soar to 17 per cent of the workforce, their currency devalued *and* privatisation stumble to a halt amidst *allegations of corruption and* sales of state enterprises to *political cronies*.

Politically, Mr Meciar has suffered a welter of defections from HZDS ranks as well as criticisms of intolerance, secrecy and lack of vision.

The new coalition government is led by Jozef Moravcik, the former foreign minister who broke away from the HZDS with 10 other rebels in February. He has six months to establish its credibility as an *effective government and win* the votes needed to keep Mr Meciar from forming a new government. Mr Moravcik has *made clear* that the government's priorities are "to speed up economic transformation, de-politicise the privatisation process and take more effective steps to attract foreign investors".

The government's first move has been to block 13 of the 45 privatisation projects approved by the Meciar government in the six weeks prior to its removal. The new finance minister and former Meciar supporter, Mr Rudolf Filkus, has blocked the transfer of shares to the new "owners" pending closer scrutiny. Mr Filkus was removed *as ambassador* to Austria, Slovakia's main foreign trade and investment partner, for criticising the ex-premier's policies towards the ethnic Hungarian minority.

Blocking suspect privatisations both underlines the government's commitment to greater *transparency* and signals its intentions to play hard politics against what it recognises as a formidable political opponent.

Already the removal of Mr Meciar has led to a tangible *lightening* of the political mood. The new government's main task is to demonstrate an alternative style of government, *removed from* the rawness of the Meciar regime with its penchant for *fast official* cars and its aggressive assumption *that* critics were *both* personal foes of the leader and enemies of Slovakia *itself*.

Neither Mr Moravcik nor his coalition partners underestimate the difficulties ahead. None of the party leaders can match Mr Meciar's forceful personality, and the coalition parties which control 83 of the 150 seats in the Slovak parliament make uneasy bedfellows.

They range from the catholic KHD party, led by Mr Jan Carnogursky, to the *former* communists of the Party of the Democratic Left (SLD). In the middle sits a hastily-formed "centre alliance" composed mainly of defectors from the HZDS like Mr Moravcik and his predecessor as foreign minister, Mr Milan Knazko, a former actor who clashed with Mr *Meciar shortly after* independence.

The *"historic compromise"* which has brought catholics and former Marxists together in shared hostility to Mr Meciar is particularly fragile. "For decades our people were persecuted by communists," Mr Carnogursky recalls. "Here in parliament the SLD's young leaders such as Petr Weiss are like social democrats and we can co-operate with them. But in the small towns and villages *many SLD voters remain old*-style communists and the *antagonisms run deep*."

Mr Meciar, whose two years in government allowed him time to sift through the former secret police files for ammunition against political enemies, has made no secret of his intention to exploit any sign of dissent within the new government's ranks.

But independence, Mr Meciar's war-horse in the 1992 elections, is no longer an issue. From all sides people *argue* that the most important thing *now is to make Slovakia work*, and above all to get the economy up and running.

The new government has taken over negotiations with the International Monetary Fund for a new \$360m (£246.5m) standby loan while the central bank is forecasting that the economy, with its bias towards heavy industry and trade with the east, will bottom out this year.

Its main task is to persuade voters and investors, both domestic and foreign, that it is determined to push ahead with economic reform, and that it can win the election and form a *stable government, even if* Mr Meciar is still skulking outside.

# Doubt cast on Bosnian peace talks

*Mr Haris Silajdzic*, Bosnian prime minister, yesterday said a new wave of "ethnic cleansing" in the Serb-held north of the country had put a resumption of overall peace talks in doubt, writes Laura Silber from Belgrade.

Mr Silajdzic also attacked the United Nations Security Council for not acting to stop a *Serb artillery and tank* offensive against the Moslem enclave of *Gorazde*, despite its status as a UN-protected safe haven.

The UN commander for Bosnia, General Sir Michael Rose, said he would visit Gorazde tomorrow to take a look at the situation.

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صكنا من الاصل





## Magazine says director is accused of perjury

# VW defends López against new claims

By Christopher Parkes in Frankfurt

Volkswagen has again been put on the defensive by reports of impending legal action for perjury against Mr José Ignacio López de Arriortúa, group production director.

The German motor group dismissed as "highly speculative" a weekend report in the news magazine Der Spiegel that Mr López faced a charge of making false sworn statements in a court action last year.

Meanwhile, it is believed that a separate German investigation into allegations that Mr López and three colleagues stole General Motors' industrial secrets, before defecting to VW a year ago, has been widened to include other former GM workers.

Until recently only Mr López and three of the seven close colleagues who joined him at VW – all from the US group – had been under suspicion.

According to Der Spiegel, the Hamburg prosecution service has told Mr López's lawyers that, if they do not present a defence, it will shortly seek a judgment on the perjury allegation based on evidence on file. Legal experts said this indicated that the prosecutor was confident of winning a prosecution. German penalties for perjury range from a fine to imprisonment.

The magazine based its report on statements attributed to Mr Andreas Behm, the Hamburg state prosecutor, although VW said it stemmed from comments from GM lawyers. Mr López's lawyers had spoken to Mr Behm and still expected no charges, the German group said in a weekend statement.

*Suspicions of perjury against* Mr López arose last year in a civil action in which VW failed to win a gagging order intended to prevent Der Spiegel repeating allegations of industrial espionage which lie at the heart *of continuing* criminal investigations in Germany and the US.

Central to the magazine's latest report is an affidavit dated last June in which Mr López said he neither asked for nor received photographs of a secret new model planned by Adam Opel, GM's German subsidiary, shortly before he left to join VW. He contradicted this four months later in another affidavit presented in a separate civil hearing.

VW's weekend statement reiterated that the company remained convinced that no GM data had come into its possession or was used to its benefit.

A German criminal probe against Mr López based on allegations of misconduct, embezzlement and breaches of competition law has been under way since last spring. Investigators have made no formal statements since late last summer when they seized masses of computerised *data in raids* on VW's headquarters and the homes of its new employees from GM.

The recent widening of the investigation is believed to be related to information found *among these data.*

A federal inquiry in the US, started last summer, is also continuing. The investigation into suspected wire and mail fraud – the illegal transmission of data across state boundaries – is focused on VW's local subsidiaries. However, at least two main board directors have been questioned before a grand jury.

Heavy snowfalls in Germany yesterday led to traffic jams and left motorists stranded AP

## EUROPEAN PRESS REVIEW

### ITALY

Italians like winners. Even if they do not back them, they are quick to recognise them.

With few exceptions, the Italian media *did not expect* Mr Silvio Berlusconi and his Forza Italia movement to come out on top in last week's elections. But as results came in they moved with considerable speed to correct this error – *not least at the* state-run RAI broadcasting network where many now fear for their jobs as a result of the sceptical tone reserved for Mr Berlusconi throughout the election campaign.

*Mr Berlusconi's position* as the man most likely to head the next government has seen the media magnate and three-month-old politician treated with a new respect.

Not once in the wake of the elections *has he been referred* to by the once oft-used nickname "Il biscione" – the colloquial name of a viper. Instead he has been regaled as "Il Cavaliere" – the knight.

Leading the shift away from *scepticism to respect* has been **Corriere della Serra**, which has always regarded itself as the weather-vane of sensible opinion. Mr Paolo Mieli, the editor, took the view that Mr Berlusconi and his friends in *the right-wing Freedom* Alliance were obliged by the sheer scale of their victory to form the next government.

"It is now up to Berlusconi *to maintain his campaign* promises," wrote Mr Mieli. "We read on his lips: 'less taxes and one million jobs without cost to the state'. So now we *would either like to be able* to thank him or pass him the bill if he fails to keep his promises."

Mr Berlusconi's arch enemies, the daily **Repubblica** and its weekly stable-mate, **L'Espresso**, have also begun to lower their aggression a few notches. The old venom remains, but there is an element of wait and see from veteran Repubblica editor Eugenio Scalfari, who *spectacularly misread* the mood of the nation.

L'Espresso's cover contented itself with the ironic title *"Goal!"* – likening the Berlusconi victory to that of his AC Milan football team. *Inside,* the magazine reserved some space for the shape of things to come by alleging links between Mr Marcello Dell'Utri, one of Mr Berlusconi's closest associates, and the Sicilian mafia.

In contrast, the other main weekly, **Panorama,** now controlled by Mr Berlusconi's younger brother, Paolo, came up with an adulatory front page: "How Berlusconi wants to change Italy." It showed a confident Mr Berlusconi staring into the future with a rising sun shining on his face.

Already one paper, Sardinia's **Unione Sarda,** has witnessed serious ructions between pro- and anti-Berlusconi camps. The editor and his two deputies resigned last week over what they claimed was victimisation and attempts to censor them after the newspaper's *proprietor,* Mr Nicola Grauso, took exception to reports about his and Mr Berlusconi's *masonic links.*

But the sub-text of post-electoral reporting has been perplexity over the Berlusconi phenomenon and the incongruity of his potential allies in government. Readers have been treated to a bewildering change of headlines regarding the attitude of Mr Umberto Bossi, the populist leader of the Northern League. Last Thursday Mr Bossi and Mr Berlusconi had sealed the outlines of a deal for government – "Peace with Bossi"; by Saturday it was "Bossi *snubs* Berlusconi" when the former refused to attend a negotiating session. Then by Sunday it was "Bossi: No to Berlusconi as Premier."

Meanwhile, commentators have had a field day digesting *an interview given last* Thursday to **La Stampa** by Mr Gianfranco Fini, the astute leader of the neo-fascist MSI/National Alliance and the third likely partner in a Berlusconi government. Mr Fini declared Mussolini to be "the greatest statesman this century". Did this mean, asked **L'Unita,** the daily newspaper backed by the former *communist Party* of the Democrat Left (PDS), that the right was irredeemably fascist?

Others left their conclusions to the cartoonists. Corriere della Serra showed Mr Fini *sitting atop the open tomb of* Mussolini with the (seasonal) caption "Resurrexit", while La Repubblica pictured Il Duce in a wheelchair with a bubble caption: "Now I can die in peace".

*Compiled by Robert Graham*

# Bossi in tough tussle for power

By Robert Graham in Rome

Mr Umberto Bossi, the leader of the populist Northern League, looks set to place further hurdles in the path of the early formation of a new Italian government by Mr Silvio Berlusconi, the media magnate. Mr Bossi has announced he intends to hold discussions in Rome tomorrow with Mr Mario Segni, head of the referendum movement and the leader of the centrist Italian Pact.

He has also hinted that these discussions could involve other parties outside Mr Berlusconi's *Freedom Alliance*, which won last week's general elections. "I want to listen to what these people have to say about programmes of government: not just gossip," he said at the weekend.

*In talking to the Italian* Pact, which won 46 seats in the Chamber of Deputies, Mr Bossi is trying to raise the stakes with Mr Berlusconi. From starting out as conciliatory in the wake of the elections, Mr. Bossi is now embarked on a collision course with Mr Berlusconi.

First he snubbed Mr Berlusconi by deliberately not attending a meeting on Friday between the League and the media magnate's Forza Italia. The first Mr Berlusconi heard of Mr Bossi's absence was when he arrived at League headquarters in Milan.

Then over the weekend Mr Bossi announced his intended round of meetings in Rome, from a mountain holiday retreat, and raised once again his objection to Mr Berlusconi assuming the premiership.

These moves by Mr Bossi are seen as tactics to boost his bargaining position in a future Berlusconi government and head off opposition from the grassroots of his party angry over any linkage with the neo-fascist MSI/National Alliance.

But the League leader risks seriously embarrassing Mr Berlusconi if he continues in this vein and threatens to complicate the task of forming a new government.

At the same time, there are increasing signs of irritation from Mr Gianfranco Fini, the leader of the MSI. He made clear over the weekend that Mr Berlusconi and Mr Bossi could not organise a deal to form a government without the full inclusion of the MSI, the third party to the Freedom Alliance.

In particular, Mr Fini is irritated by suggestions of the League and Forza Italia accepting a rewritten constitution with a strongly federalist structure for the new Italy.

Faced with these problems, Mr Berlusconi chose to adopt a low profile during the Easter *holidays. He was advised by* an editorial in Il Giornale, his most supportive newspaper, to move more cautiously. The paper pointed out that the first step was for the new parliament to reassemble on April *15 and only thereafter could* President Oscar Luigi Scalfaro begin to consider asking him to form a government.

# Contest over peninsula escalates

The contest between Crimea and the Ukrainian government over who rules the Black Sea peninsula escalated over the weekend, writes Jill Barshay from Kiev. Mr Leonid Kravchuk, the Ukrainian president, annulled a March 15 decree by the Crimean President Yuri Meshkov, which stated that Crimean recruits would serve exclusively on the peninsula instead of being dispatched by the Ukrainian command.

Meanwhile, Crimea contested the legitimacy of Mr Kravchuk's March 31 decision to send a presidential represen*tative to Crimea.*

# Nurturing a landless nation

**Judy Dempsey** visits the displaced Sorb people of Germany

The children hardly said a word. Frowning with concentration, they *dipped their goose-feather* quills into a warm jar of honey-comb wax to mark areas of natural colour on egg shells. Then they started drawing elaborate designs on the shells with dyes, before covering them with grease to make them shiny.

Like their parents, the children were dressed in the traditional bright clothes of the Sorbs, as they prepared for Easter Sunday in the German hamlet of Neuwiese in Saxony.

"When you paint three crosses on the egg, it's a sign that you want to keep the evil spirits away," said Mrs Slyvia Panoscha. "When you paint a star with six corners, it is to *thank the bees for the honey* and wax.

"When you paint a star on top of the egg, it symbolises life. We are brought up knowing these things. I hope the traditions will live on with these *children here.*"

The Sorbs are descendents of the west Slavs who migrated from the Carpathian mountains in northern Romania and made their way northwards to the river Elbe. They now live in Upper and Lower Lusatia, straddling the states of Brandenburg and Saxony.

They number fewer than 60,000 but senior members of the Sorb community believe *they are witnessing something* of a revival since German unification. Few, however, have any illusions about the difficulties in protecting a community which has undergone natural, and forced, assimilation.

"As an ethnic group, we were always under pressure," said Johann Kaspar, a 62-year-old Sorb who speaks a Slav language closer to Czech than to Polish. "Thousands emigrated for economic reasons in the 19th century," said Mr Bernhard Ziesch, a senior member of the Domowina, or Association for Sorbs based in Bautzen.

Many settled in Texas in the US, or in Australia – "but we *still kept out culture alive* through music, dance, song and customs. It was hard. Those who remained had to find work in the brown-coal mines and move to the cities. They soon became *completely Germanised.* They intermarried. They lost their identity as Sorbs."

He and Mr Kaspar believe, however, the Sorbs suffered most under the Nazis. "I was just a boy at the time," said Mr Kaspar, "and I remember that the Sorb schools were closed. We were forbidden to speak the language in public. But my parents kept speaking Sorb at home and so did I."

*When the East German com*munist party was established in 1949, the Sorb language and culture were allowed again, schools were re-opened, public signs were bi-lingual. But the Sorbs were not allowed any links with the diaspora.

According to Mr Ziesch, there are about 125,000 Sorbs world-wide. "It is only since the *Wende*, or change, in 1989, that we can set up cultural links with our fellow Sorbs throughout the world," he says.

Unification also led to the states of Brandenburg and Saxony ensuring that Sorbs could *attend schools in their own* language. There are now seven primary schools and six secondary schools for the Sorbs, and about 50 mixed German and Sorb schools.

But the assimilation has not been halted. "With German unification, the children now want to watch video games and all that sort of thing," said 65-year-old Mrs Magdelene Balting, whose son Lotar, 45 and unemployed, cannot speak Sorb.

"I was posted in the army, and was later a policeman, so I just spoke German," he says.

Even the fervent Mr Kaspar, who speaks German with a thick Slav accent, said it was a struggle trying to get his own children to speak Sorb. "I married, but she is a German, not a Sorb... The German language won the day!"

Yet as the children painted the egg *shells* throughout the afternoon, many of their parents said they were confident they would learn Sorb. Ms Barbara Krahal, a shop assistant, and Ms Kirstin Böhme, an architect, feel they are Sorbs. "Our citizenship is German, but our nationality is Sorb, and I hope our children will feel themselves to be Sorb."

"It is up to us, as parents, to keep the culture alive," said Ms Böhme. "Now that we have *all the freedom to do so*, it might be harder, but the signs are that the children do want to learn about our past and traditions, as they are doing today in this hall."

Little Horst was not so sure. He spoke a few words of Sorb, telling me he had only one hour left to finish painting the Easter eggs, so he had to keep quiet and concentrate. Before he broke off, however, he said that, if I wanted to buy any of the eggs, they would cost DM1 (60 US cents) each. This he said in German.



# India worried by sharp rise in inflation

By Stefan Wagstyl in New Delhi

India's inflation has risen to an annual rate of 9.9 per cent, prompting fears that it could climb above the politically sensitive 10 per cent level and provoke attacks on the government's economic liberalisation policies.

The data, released on Sunday, refer to the rate of increase in wholesale prices for the week ending March 19, the latest period for which figures are available.

Inflation has risen sharply in the past year from a recent low of 6.7 per cent, due partly to increases in government administered prices of basic commodities such as food and fuels and partly by a rapid rise in the money supply.

The increases in administered prices from artificially low levels are a central element of economic reform, which includes decontrolling prices and reducing subsidies.

The rise in the money supply has two principal causes – larger-than-planned government borrowing and the inflow of foreign exchange into India.

According to officials at the Reserve Bank of India, the central bank, the money supply has risen by about 17 per cent in the year to the end of March 1994, compared with a target of 12 per cent.

The government has said it could drive down prices by releasing low-priced food from its official stocks and by spending some of its $15bn (£10.2bn) of foreign exchange reserves to import essential commodities.

Such policies could help the poor, who are most vulnerable to prices increases, but they may not hold down inflation in prices of industrial goods.

Also, the increase in the inflation rate could force the postponement of future interest rate cuts.

Officials are concerned that the inflation rate is hovering at about 10 per cent when the general climate for prices in India is favourable. International oil prices and interest rates are low and India's farmers have had six good monsoons in succession. An unexpected deterioration in this price climate could well raise the inflation rate further.

Another worry is that the economy is growing at only a moderate pace – an estimated 3.8 per cent for the year ending March 1994. If growth accelerates, as the government hopes, the upward pressure on prices could also increase.

# S Korean economy expected to grow by 6.5%

South Korea's leading private economic institutes predict that the economy will grow by at least 6.5 per cent this year, up from 5.6 per cent in 1993.

The greater growth is attributed mainly to increased industrial investments and higher domestic consumption.

Companies are adding production capacity due to a surge in exports caused by the weakness of the Korean won, the currency, against the Japanese yen and by stronger demand in its biggest overseas markets, including the US, Japan and China.

The central bank, however, warns that the current account, which posted a slight surplus of $450m (£305m) in 1993, may fall into a deficit again this year as imports increased due to stronger domestic demand.

Last year's surplus was the first since 1989.

The brisk economic activity is also reviving fears of inflation, which reached 5.8 per cent in 1993, the central bank announced yesterday.

It was among the highest in Asia, although down from 6.2 per cent in 1992.

The Korean economy has steadily recovered since 1992, when gross national product growth fell to 4.7 per cent, the lowest since 1980.

The Samsung Economic Research Institute predicts that GNP will increase by 6.5 per cent this year.

Other institutes are more optimistic, with the Hyundai Research Institute expecting GNP growth of 7.3 per cent.

## Trading volumes light on foreign exchange's first official day of operation

# Quiet debut for new China market

By Tony Walker in Beijing

China's interbank currency market made a quiet debut yesterday on its first official day of trading, with the yuan exchange rate fluctuating in a narrow band and eventually closing at Yn8.69 to the dollar.

Trading volumes were light, said an official of the Shanghai-based National Foreign Exchange Trading Centre, which has been operating experimentally since early March.

Foreign bankers said they were still seeking details of ground-rules for the operations of the new market, including its relationship with the some 100 currency "swap centres" countrywide that it was meant to replace.

Bankers were critical of what they regarded as a step back from the currency reforms announced in late December. These foreshadowed the early phasing out of the swap markets used by joint venture companies to exchange local and foreign currency.

Chinese banking officials described the retention of the swap market system as "transitional" until the national interbank market was fully operational. This may take some time since a national electronic dealing network is far from complete.

The new Shanghai market, which is designed to facilitate moves towards full convertibility of the yuan, is linked to exchanges in five larger cities – Beijing, Guangzhou, Shenzhen, Tianjin and Hangzhou.

A foreign banker in Shanghai said that the new interbank market was effectively a "three-in-one" market. It would serve for the time being as a "swap centre" for joint ventures, an interbank market for Chinese institutions and as a market for foreign banks restricted to selling foreign currency on behalf of Chinese customers. Joint venture customers are being confined to swap centre trading for the time being in an apparent attempt to lessen pressures on the market in its early phase.

Bankers praised moves towards a genuine market.

"The most important thing is that the People's Bank of China (China's central bank) has decided to allow the yuan to fluctuate – to find its true value," said one.

Bankers are predicting a possible depreciation of about 10 per cent in the value of the Chinese currency to Yn9.5 to the dollar by the end of the year.

But they also warn that if efforts fail to dampen inflation, currently running at more than 20 per cent in the larger cities, the yuan may well depreciate by a larger amount.

China unified its rates of exchange at the beginning of this year, abolishing its official managed exchange rate of about Yn5.7 to the dollar. It adopted the prevailing swap market rate of about Yn8.7 to the dollar as the new rate.

The authorities, in the initial phase of the new interbank market, are restricting fluctuations to 2.5 to 3 per 1000 to counter a possible sharp depreciation. They say this step will be temporary.

Rates applying in the swap centre will track the weighted average in the interbank market. This follows objections by bankers to an initial Chinese proposal that the rate applied to swaps should be that prevailing at the close of trading on the previous day.

Migrant workers sit outside a train station in Guangzhou. Large numbers arrive in the southern city daily, in search of work AP

## HK reporter jailed for spying

China, taking an uncompromising line on human rights, yesterday defended police action against its best-known dissident and announced it had jailed a Hong Kong-based reporter for 12 years for spying, Reuter reports from Beijing. The foreign ministry said police had interrogated Mr Wei Jingsheng because he had not followed the rules imposed on him after his release last year.

Separately, the Beijing Intermediate Court said Mr Xi Yang (right), a China-born reporter for Hong Kong's Ming Pao daily, had been jailed for 12 years for spying and stealing state secrets. Mr Tian Ye, a clerk at the central bank who allegedly gave information on bank interest rate changes and gold policy to the reporter, was given a 15-year sentence.

# France in talks on submarine sales to Pakistan

Mr Alain Juppé, France's foreign minister, said yesterday that France was holding talks with Islamabad about selling French submarines to Pakistan, Reuter reports from New Delhi.

"Yes, we are having discussions on the proposed sale to Pakistan," Mr Juppé said during a visit to the Indian capital. He declined to identify the submarines France could sell to Pakistan.

India has fought three wars with Pakistan since both countries became independent from Britain in 1947 and officials said the proposed sale would strain relations with France.

"Any sale of submarines to Pakistan would raise the already high temperature very drastically," an Indian diplomat said. "We don't believe anyone supplying them to Pakistan is truly working for peace."

Mr Juppé denied reports that France was planning to sell Mirage 2000 warplanes to Pakistan.

Pakistani officials say privately that Islamabad would want to buy the French aircraft if a stalled deal with Washington for 38 US-built F-16s does not materialise soon.

Senior US officials recently offered to revive the deal with Pakistan by making a one-time exception to a US law that bars Washington from supplying arms to Islamabad because Pakistan is suspected of having a nuclear arms programme.

Mr Juppé, the first French foreign minister to visit New Delhi in seven years, said he had failed to persuade Indian officials to change their views on the Nuclear Non-Proliferation Treaty (NPT), which India has refused to sign.

"France is for the renewal of NPT (next year) without any new conditions. India continues to thinks differently," he said.

Under the NPT treaty, all of India's nuclear facilities would have to be opened to international monitoring.

But India says the treaty, which aims to control the spread of nuclear knowhow, favours countries which possess nuclear arms while discriminating against others.

# Japan in plan to link cable services

By Michiyo Nakamoto in Tokyo

Japan's ministry of posts and telecommunications is drawing up a plan to bring together the country's fragmented cable television operations as a nation-wide network which could provide a full range of multimedia services.

The move aims to assist Japan in the race to build an information super-highway and spur the market for multimedia services. The ministry believes such services could be worth Y123,000bn (£783bn) by 2010.

"We believe that building a [nation-wide] cable TV network will enable advanced services to be realised and that this could eventually become a full service network," an official at the ministry said.

Such a network could also provide significant competition to NTT, the privatised telecommunications company which still has a virtual monopoly of Japanese domestic telecommunications services.

The ministry's decision to support the building of more extensive cable TV networks reflects a growing recognition of the role cable TV is likely to play in providing multimedia services, such as video-on-demand.

Until recently, ministry regulations had hampered the growth of CATV in Japan, leaving the country behind the US in building an information super-highway.

In particular, a ministry guideline that required CATV operators to be locally capitalised had left the industry fragmented, under-funded and unprofitable.

The latest ministry plan aims to overcome these problems by encouraging operators to co-operate and extend coverage. The ministry would provide support in making standard the systems used by different cable companies so that they could be linked.

Last month, Tokyo Electric Power, the country's biggest electric utility, Tokyu, a railway company, and two trading companies, all of which have cable TV interests, linked so as to provide multimedia services on cable.

# Monju fast breeder reactor at crucial stage

By Emiko Terazono in Tokyo

Japan's first fast breeder nuclear reactor is due to go critical today – the stage where a nuclear chain reaction becomes self-sustaining.

The Monju reactor in Fukui, eastern Japan, has been under development since 1985 at a cost of some Y600bn (£3.8bn). It is to be one of the main pillars of Japan's plutonium programme. The launch of Monju, named after a Buddhist saint, comes almost 20 years after similar facilities in the UK and France, and as international concern about nuclear proliferation is increasing. Some analysts fear Monju's launch will give North Korea an excuse to produce plutonium, while some US critics have suggested Japan wants to build up its own nuclear arms.

The Japanese government has indicated its long-standing commitment to its nuclear fuel recycling programme, originally established in the 1950s. Japan, which lacks its own source of energy, has regarded plutonium, as the "dream energy source".

But faced with increasing international pressure, the glut in uranium, the high cost of using plutonium, and protests from local residents in building new nuclear reactors, government officials have recently suggested that it would postpone some of its plutonium development programme.

# IMF agrees increase for Cambodia

By George Graham in Washington

The International Monetary Fund has agreed to an increase in Cambodia's share to 65m special drawing rights (£60.5m). This that could let Cambodia borrow the equivalent of as much as $370m from various IMF loan facilities.

Cambodia's IMF quota had been stuck at SDR25m since 1970 because its isolation from the international financial community had left it out of several quota increases.

With IMF membership reinstated six months ago, Cambodia has already borrowed about $9m from the IMF's systemic transformation facility, which is a loan account designed to help former communist countries.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 03.04.94: Pool purchase price £/MWh | Final Prices for Trading on 06.03.94: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 10.83 | 10.89 | 12.54 |
| 0100 | 10.81 | 10.89 | 12.54 |
| 0130 | 15.72 | 12.96 | 14.60 |
| 0200 | 17.86 | 12.96 | 14.60 |
| 0230 | 29.50 | 10.89 | 12.54 |
| 0300 | 29.50 | 10.89 | 12.54 |
| 0330 | 17.86 | 10.89 | 12.54 |
| 0400 | 15.73 | 10.89 | 12.54 |
| 0430 | 15.70 | 10.62 | 10.62 |
| 0500 | 10.97 | 10.54 | 10.54 |
| 0530 | 10.82 | 10.54 | 10.54 |
| 0600 | 10.82 | 10.54 | 10.54 |
| 0630 | 10.82 | 10.54 | 10.54 |
| 0700 | 10.82 | 10.53 | 10.53 |
| 0730 | 10.82 | 10.53 | 10.53 |
| 0800 | 10.82 | 10.53 | 10.53 |
| 0830 | 10.83 | 10.53 | 10.53 |
| 0900 | 10.83 | 10.54 | 10.54 |
| 0930 | 10.83 | 10.54 | 10.54 |
| 1000 | 15.05 | 10.62 | 10.62 |
| 1030 | 15.32 | 10.55 | 12.20 |
| 1100 | 16.99 | 10.55 | 12.20 |
| 1130 | 18.00 | 10.55 | 12.20 |
| 1200 | 20.83 | 10.55 | 12.20 |
| 1230 | 18.11 | 10.55 | 12.20 |
| 1300 | 20.83 | 10.55 | 12.20 |
| 1330 | 20.83 | 10.55 | 12.20 |
| 1400 | 15.85 | 10.56 | 12.20 |
| 1430 | 11.27 | 10.55 | 12.20 |
| 1500 | 11.27 | 14.50 | 14.50 |
| 1530 | 10.63 | 10.60 | 10.60 |
| 1600 | 10.82 | 10.60 | 10.60 |
| 1630 | 10.82 | 10.62 | 10.62 |
| 1700 | 10.82 | 10.55 | 12.20 |
| 1730 | 10.82 | 10.55 | 12.20 |
| 1800 | 10.82 | 10.55 | 12.20 |
| 1830 | 11.27 | 10.56 | 12.20 |
| 1900 | 11.27 | 14.94 | 16.58 |
| 1930 | 15.05 | 14.94 | 16.58 |
| 2000 | 16.99 | 11.52 | 13.16 |
| 2030 | 22.00 | 10.55 | 12.20 |
| 2100 | 22.00 | 10.55 | 12.20 |
| 2130 | 18.00 | 10.55 | 12.20 |
| 2200 | 16.99 | 10.55 | 12.20 |
| 2230 | 15.06 | 10.55 | 12.20 |
| 2300 | 11.27 | 10.60 | 10.60 |
| 2330 | 10.82 | 10.54 | 10.54 |
| 2400 | 10.81 | 10.54 | 10.54 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 04.04.94: Pool purchase price £/MWh | Final Prices for Trading on 07.03.94: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 10.80 | 14.64 | 14.64 |
| 0100 | 10.56 | 10.55 | 12.58 |
| 0130 | 10.83 | 10.55 | 12.58 |
| 0200 | 22.11 | 10.55 | 12.58 |
| 0230 | 16.00 | 10.55 | 12.58 |
| 0300 | 22.48 | 10.55 | 12.58 |
| 0330 | 22.48 | 10.55 | 12.58 |
| 0400 | 18.00 | 10.55 | 12.58 |
| 0430 | 15.85 | 14.50 | 14.50 |
| 0500 | 11.27 | 10.54 | 10.54 |
| 0530 | 17.00 | 10.57 | 10.57 |
| 0600 | 10.86 | 10.56 | 10.56 |
| 0630 | 10.86 | 10.57 | 10.57 |
| 0700 | 10.86 | 14.73 | 14.73 |
| 0730 | 16.75 | 10.36 | 12.39 |
| 0800 | 10.87 | 14.93 | 16.95 |
| 0830 | 11.50 | 14.93 | 16.95 |
| 0900 | 22.46 | 14.93 | 16.96 |
| 0930 | 24.54 | 14.94 | 16.97 |
| 1000 | 24.54 | 15.00 | 17.03 |
| 1030 | 30.47 | 15.21 | 17.24 |
| 1100 | 39.36 | 15.21 | 17.25 |
| 1130 | 39.36 | 15.22 | 17.25 |
| 1200 | 39.36 | 15.63 | 17.67 |
| 1230 | 34.50 | 15.62 | 17.66 |
| 1300 | 30.47 | 15.21 | 17.24 |
| 1330 | 30.47 | 15.19 | 17.22 |
| 1400 | 22.96 | 15.19 | 17.21 |
| 1430 | 16.90 | 15.18 | 17.21 |
| 1500 | 16.90 | 15.18 | 17.21 |
| 1530 | 16.90 | 15.69 | 15.69 |
| 1600 | 16.90 | 17.81 | 19.64 |
| 1630 | 16.75 | 15.24 | 17.29 |
| 1700 | 11.00 | 18.16 | 20.24 |
| 1730 | 22.96 | 18.24 | 20.34 |
| 1800 | 22.96 | 18.68 | 20.91 |
| 1830 | 22.96 | 19.05 | 21.36 |
| 1900 | 22.96 | 19.17 | 21.50 |
| 1930 | 22.96 | 18.70 | 20.91 |
| 2000 | 24.63 | 18.21 | 20.30 |
| 2030 | 50.22 | 17.99 | 20.01 |
| 2100 | 50.22 | 15.18 | 17.21 |
| 2130 | 50.22 | 15.18 | 17.21 |
| 2200 | 42.05 | 15.82 | 15.82 |
| 2230 | 24.79 | 14.64 | 14.64 |
| 2300 | 17.00 | 14.52 | 14.52 |
| 2330 | 10.87 | 10.57 | 10.57 |
| 2400 | 10.86 | 10.57 | 10.57 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 05.04.94: Pool purchase price £/MWh | Final Prices for Trading on 08.03.94: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 10.80 | 14.54 | 14.54 |
| 0100 | 10.81 | 14.64 | 14.64 |
| 0130 | 10.84 | 14.70 | 14.70 |
| 0200 | 22.98 | 14.70 | 14.70 |
| 0230 | 47.00 | 14.60 | 14.60 |
| 0300 | 47.00 | 14.60 | 14.60 |
| 0330 | 45.46 | 14.56 | 14.56 |
| 0400 | 24.63 | 14.50 | 14.50 |
| 0430 | 16.80 | 10.57 | 10.57 |
| 0500 | 17.00 | 10.57 | 10.57 |
| 0530 | 10.90 | 10.63 | 10.63 |
| 0600 | 10.90 | 10.83 | 10.83 |
| 0630 | 16.75 | 10.90 | 10.90 |
| 0700 | 21.21 | 14.84 | 14.84 |
| 0730 | 29.64 | 14.83 | 17.63 |
| 0800 | 30.29 | 15.01 | 17.71 |
| 0830 | 32.62 | 15.01 | 17.71 |
| 0900 | 32.82 | 15.01 | 17.71 |
| 0930 | 39.38 | 15.01 | 17.71 |
| 1000 | 39.38 | 15.01 | 17.71 |
| 1030 | 39.38 | 15.01 | 17.71 |
| 1100 | 39.38 | 15.01 | 17.71 |
| 1130 | 39.38 | 15.01 | 17.71 |
| 1200 | 39.38 | 15.01 | 17.72 |
| 1230 | 39.38 | 15.01 | 17.72 |
| 1300 | 39.38 | 15.01 | 17.71 |
| 1330 | 32.62 | 15.01 | 17.71 |
| 1400 | 31.97 | 15.01 | 17.71 |
| 1430 | 30.60 | 15.01 | 17.71 |
| 1500 | 30.60 | 15.01 | 17.71 |
| 1530 | 30.60 | 15.01 | 17.71 |
| 1600 | 30.60 | 15.01 | 17.71 |
| 1630 | 30.60 | 15.03 | 17.75 |
| 1700 | 42.10 | 15.09 | 17.82 |
| 1730 | 42.10 | 15.49 | 18.22 |
| 1800 | 42.10 | 15.68 | 18.47 |
| 1830 | 30.91 | 15.90 | 18.76 |
| 1900 | 30.60 | 20.36 | 23.21 |
| 1930 | 30.60 | 20.15 | 22.85 |
| 2000 | 30.60 | 19.88 | 22.60 |
| 2030 | 48.46 | 15.01 | 17.72 |
| 2100 | 48.46 | 15.01 | 17.71 |
| 2130 | 48.46 | 15.84 | 15.84 |
| 2200 | 43.01 | 15.53 | 16.53 |
| 2230 | 38.17 | 14.64 | 14.64 |
| 2300 | 31.15 | 14.50 | 14.50 |
| 2330 | 29.84 | 10.57 | 10.57 |
| 2400 | 21.21 | 10.58 | 10.58 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.



# A swashbuckling player no longer

## Kieran Cooke reports on the declining fortunes of Malaysia's Bank Negara

For several years Bank Negara, Malaysia's central bank, has been known as one of the more swashbuckling players in the world's foreign exchange markets. Not any more.

At the end of last week, Bank Negara disclosed that it had lost more than M$5.7bn (£1.45bn) through foreign currency transactions last year. In 1992, the bank was out of pocket by more than M$9bn after similar ill-judged forays into foreign exchange markets.

Like a down-at-heel punter finally admitting the error of his ways, Bank Negara has announced its withdrawal from the big-time forex business.

The losses have sent shock waves through Malaysia's financial community. Mr Jaffar Hussein, Bank Negara's governor, has been forced to resign. Other heads are likely to roll.

Dr Mahathir Mohamad, prime minister, has said Bank Negara's losses will not have an adverse effect on the national economy. "Even in business, there are times when losses are incurred," he said.

Others are not so sanguine. Opposition politicians have described the news from Bank Negara as "the greatest financial scandal in Malaysian history".

Bank Negara itself has admitted that the forex losses of more than M$15bn during the past two years could have rendered it technically insolvent but for the financial backing of the government.

Mr Jaffar, who will stay on until early May, has taken full responsibility for the losses. "In the absence of perfect hindsight, mistakes will be made: indeed, mistakes were made" said Mr Jaffar. "When I realised the extent of the losses, we started to unwind the whole thing ... an unfortunate chapter in the bank's history is now closed."

Mr Jaffar is one of the country's most respected bankers. Under his nine-year stewardship of the central bank Malaysia's banking sector has been radically overhauled.

Many feel Mr Jaffar has been made a scapegoat. They say ultimate responsibility rests high up in government. The government should not have allowed its central bank to indulge in large-scale forex trading.

> 'An unfortunate chapter in the bank's history is now closed'

In the mid-1980s Malaysia tried, and failed, to corner the world tin market. "The government had massive losses then but didn't learn," said a foreign banker based in Singapore. "A central bank should be the custodian of the country's currency. I can't believe the finance ministry did not know what was going on. It must have encouraged the bank to become one of the big time players in the forex market."

One of the ironies of recent events is that Bank Negara has recently been battling to drive speculators out of the Malaysian dollar market. At the same time the bank itself is accused of being a speculator in other currencies.

Bank Negara began stalking the forex markets in the late 1980s. The good times came to an end in 1992 when the bank went heavily into sterling and the D-Mark. The consequences were disastrous. The European Monetary System crisis erupted. In 1992, the Malaysian dollar appreciated by nearly 30 per cent against the pound and by more than 11 per cent against the D-Mark.

The 1992 losses – amounting to M$9.3bn – were only disclosed after some energetic prodding by economists and journalists. Bank Negara said it did not want to disclose the size and details of the loss as this might have endangered the bank's position in the forex market. Anyway, said bank officials, the 93 per cent plunge in special reserve and contingency funds shown in the bank's accounts was "only a paper loss".

Mr Anwar Ibrahim, the finance minister and deputy prime minister, told parliament he was satisfied there had been no mismanagement at Bank Negara. "I have confidence in the integrity of Bank Negara in managing the country's reserves," said Mr Anwar last year.

The opposition compared the affair to an early 1980s scandal when Bank Bumiputra, a state bank, had lost millions of dollars through lending to speculators in the Hong Kong property market. The opposition said the 1992 forex losses were four or five times bigger than those incurred by Bank Bumiputra. Calls for an inquiry were rejected.

Presenting its 1993 accounts, Bank Negara decided to come clean. It said most of the 1993 losses were the result of costs incurred in unwinding forward postions adopted in the previous year. Bank officials rejected criticism that they had been too adventurous. "Our reputation is exaggerated," said one bank official. "You have to do something to preserve the value of your currency. You have to be in the market. You cannot simply sit on your hands and do nothing."

> Bank officials rejected criticism that they had been too adventurous

Bank Negara said all forward forex trading positions had been unwound and that the bank in future would confine itself to spot trading in managing its international reserves.

The central bank also announced its first ever net operating loss, of M$712m for 1993, mainly caused by the costs of mopping up the very large amounts of foreign funds that had flooded into the country. The funds, attracted by Malaysia's strong economic growth and soaring stock market, threatened to unleash an inflationary spiral unless they were stopped from entering the financial system.

While Bank Negara appears to have made a clean slate of things, there are still some unanswered questions. A main point of interest is what happened in the last days of 1993 when the Malaysian dollar fell by more than 5 per cent against a basket of currencies.

Analysts say Bank Negara was behind the fall in the currency: it sold large amounts of the Malaysian unit and bought dollars. The move improved the 1993 accounts by raising the value of foreign currency in Malaysian dollar terms. It is estimated that, without this fancy accounting footwork, forex losses in the 1993 accounts would have been up to M$3bn higher.

The bank has admitted that there were internal deficiencies in the way forex trading was monitored. The head of the forex trading department, the number three in the bank hierarchy, is said to be "on long leave".

But is Bank Negara the only one responsible for the losses? Critics say senior government figures were a party to what was going on.

Mr Daim Zainuddin was Malaysia's finance minister for much of the 1980s. Mr Daim, a close confidant of the prime minister, is one of the country's most influential and wealthy businessmen. He is also a special economic adviser to the government.

"It's a huge loss," said Mr Daim. "I would like to forget about it ... those responsible have resigned."

Not everyone would agree.

**NEWS:** INTERNATIONAL

# Plans for peace summit of political leaders revived in S Africa

**Plans for a peace summit of South Africa's main political leaders have been revived amid fears that the new state of emergency in Natal may not be able to contain violence, Patti Waldmeir and Michael Holman report in Johannesburg.**

Top politicians – including African National Congress leader Nelson Mandela, President F W de Klerk and Inkatha Freedom Party leader Mangosuthu Buthelezi – appear to have discussed the meeting when they attended an Easter Sunday church service in northern Transvaal.

Mr Mandela said afterwards that the peace summit, which was to have taken place last week, would be held on Friday.

The death toll in Natal province since the state of emergency was imposed on Thursday stood last night at 61. In one of the worst weekend incidents, nine people, including a baby and five children, died on Saturday when a gang fired on a rural home near Port Shepstone. The family were said to be ANC supporters.

South African defence forces were deployed in Natal since the imposition of the state of emergency in the province. A combination of the Easter holiday and a quiet response to the move by Chief Buthlezi, chief minister of KwaZulu homeland and the Zulu King Goodwill Zwelithini may have helped eased tension.

Mr Mandela said last Thursday that he expected the controversial KwaZulu police force to be confined to barracks but the 4,000-strong force has been allowed to continue normal duties. The chain of command remains unclear and security force chiefs have referred the question back to Pretoria.

Meanwhile, Chief Buthlezi's Inkatha Freedom Party appeared to be picking up support in Natal, according to the last public opinion poll allowed before the general election on April 27-29. A poll for the Johannesburg Sunday Times suggests that, if Inkatha had not boycotted the election, it would have been neck and neck with the ANC for control of Natal.

The poll was conducted before the imposition of the emergency.

National support for the ANC had fallen from 40.9 per cent last November to 31.9 per cent in March, the poll reported. Backing for Inkatha had risen from 18.7 per cent to 27.5 per cent.

The paper suggests Inkatha's advance may be due to the entry in the political arena of the Zulu king with a demand for recognition of the Zulu nation.

# Sophistication and a sort of stability come late to Soweto

## On a visit to South Africa's most famous township, **Patti Waldmeir** sounded surprising opinions and sensed an indomitable spirit

SoWeTo stands for South Western Townships. It is less a name than a set of geographical co-ordinates for the greatest labour camp created in the name of apartheid.

But even apartheid was not strong enough to suppress the life force of this township-city of 3m people, which sprawls near Johannesburg and now, on the eve of the new South Africa, is making a rapid, if belated, entry to the twentieth century.

Within days, cellular telephones will be installed in Soweto's famous "black taxis", the minibuses which catapult hundreds of thousands of commuters the 30km to Johannesburg each day. Soweto's first luxury hotel opened recently, its 28 rooms the only ones available in this city the size of Chicago. In Soweto, you can play golf, sweat through aerobics, get your hair straightened, and give your money away to accountants, dentists, lawyers, doctors (and drug dealers).

In other words, you can live in Soweto – just what apartheid's geographers were most determined to prevent. They wanted to design a township so unpleasant and inconvenient that no-one would wish to settle there, thus keeping Johannesburg safe for whites. For decades, shopping, drinking, getting keys cut or clothes cleaned was in effect illegal in Soweto. Licences were granted for only a tiny handful of shops. Others operated illegally but were often shut down by police raids. There were almost no amenities – there are few enough today – and transport to town was slow and inconvenient, before deregulation in the 1980s led to the thriving "black taxi" and its more flexible service.

So Soweto rose above apartheid's design to become the most sophisticated black community in South Africa. That sophistication is not just economic, it is political. During a recent visit to the township, random conversations with pedestrians and shop-owners turned up few who said they were going to vote for the African National Congress. Opinion polls give the ANC at least 60 per cent of the national vote so this was surprising.

Perhaps it is only natural to find more political heterogeneity in a community which is older, more settled, and more middle-class than almost any other black township in South Africa. Unlike many of the country's other townships, thrown together as millions moved to the cities illegally in the 1980s, urbanisation in Soweto goes back three or four generations. People there have left behind the rigid tribal life of rural areas, where individual preference gives way before communal choice. They make up their own minds and are well-educated enough to believe that their vote is secret.

Nelson Mandela (arm raised) visited a weekend gathering of 1m South African Christians — Reuter

Political tolerance is a fragile flower but here, as elsewhere, the ruling National Party is at least able to operate an office in Soweto (on the floor just above the ANC headquarters, in one of the townships's only office buildings).

At the Alex Hair Salon, where Mr Alfred Motshabi, the manager, is offering a pre-election special on hair care, the NP has a natural constituency of professionals and African yuppies. Mr Motshabi says that, from overhearing his clients' conversations, he would guess that only a small minority will vote ANC and many will vote NP. At the Blue Fountain, Soweto's most famous nightclub, Mr Jeffrey Moloi (son and partner of Mr Godfrey Moloi, the owner) says many of the bar's patrons will vote for the National Party. "I overheard a client say the other day that [President F W] de Klerk has built bridges in South Africa – what has [ANC leader Nelson] Mandela built?"

Mr Toby Makwakwa tells a more sinister story of political heterogeneity. He owns a string of businesses, including two car dealerships, a fast food shop, a spares and vehicle repair centre, and has a share of a cellular telephone consortium. He says he pays protection money to all the political parties (except the National Party, which is probably too frightened to demand it).

"We give," he says simply, to the ANC, the black-supremacist Pan-Africanist Congress, the Azanian People's Organisation (which is so radical it is boycotting the elections). "We must give or we'll be put on the black list and then they'll vandalise our business," he explains, though noting with pleasure that this political levy has come down sharply since the chaos of the late-1980s when Soweto was part of the great revolt against apartheid – yet another sign of returning stability.

Apartheid's legacy is apparent, even so. Gesturing at the top-of-the-range executive cars crowded onto the showroom floor of Toby's Ford, Toby admits: "People have certain perceptions that, if you buy a car from a black businessman maybe it will be defective. But those are just perceptions," he adds, saying he has no intention of leaving Soweto, though he clearly could afford to do so.

Mr Jeffrey Moloi agrees: "If we all move to Sandton [a posh white suburb], Soweto will be dead. Who's going to lead the people we leave behind?" Anyway, he adds, he likes Soweto: "It's big and so many things are happening. We have so many famous people in Soweto."

Mr Moloi has ample reason to like Soweto: his family has major business interests and his father recently built a R2m (£400,000) house there. The endorsement of Ms Blessing Mhlongo, shop assistant and supporter of the Pan-Africanist Congress is simpler: "It's nice, Soweto". She only hopes that a post-apartheid government will make it just that little bit nicer.

# Bank branch opens as Palestinian self-rule nears

*By James Whittington in Amman*

The Bank of Jordan yesterday became the first commercial bank to begin operations in the Israeli-occupied territories since the signing of the peace agreement between Israel and the Palestine Liberation Organisation. The bank opened a branch in the West Bank town of Ramallah.

Mr Tawfik Fakhouri, chairman of the bank, said in Amman that the branch would have a staff of 42 and "offer all normal banking services, including interest-bearing deposits, loans and letters of credit to the Palestinians".

It will deal in both the Jordanian dinar and Israeli shekel, along with other currencies. Further branches are planned soon in Hebron, Jericho, Jenin, Bethlehem, Qalkilya and Gaza.

The green light for Jordanian banks to reopen branches in the occupied territories, which were closed after the 1967 war, was given in a memorandum signed by Jordan and Israel last December. A further agreement by Jordan and the PLO was finalised earlier this year and gave the Central Bank of Jordan the job of supervising and monitoring the new branches.

The Jordanian-Palestinian deal stipulates that banks in the occupied territories operate solely under Jordanian law, but banks must also comply with the Israeli monetary authorities which issue the licence. "We will be reporting directly to the Central Bank of Jordan but also submitting monthly balance sheets and the like to the Bank of Israel," explained Mr Fayez Abulien, general manager of the Bank of Jordan.

Some bankers in Amman have reservations about operating in the West Bank. "Since the intifada [Palestinian uprising] began, a culture of non-repayment has grown up and bad debts will certainly be a problem," said one banker.

# Kuwait debtors register in repayment scheme

*By Robin Allen in Cairo*

About 6,000 Kuwaitis owing KD5.5bn ($18.5bn) in domestic debt, some more than a decade old, have met a March 31 deadline to register for repayment under a government-backed scheme to settle the Gulf state's "difficult debts", according to Mr Nasser al-Rodhan, the finance minister.

A further 3,500 debtors owing KD900m ($3bn) missed the deadline and could be excluded from the settlement programme entirely, under existing law.

The "difficult debts" were incurred by investors on Kuwait's unofficial stock exchange, known as the Souk al-Manakh, which collapsed in August 1982, leaving some KD7bn of net indebtedness. Since then, a few have repaid under an earlier and now defunct settlement programme.

Under the latest settlement programme, which was passed by Kuwait's National Assembly last year and is designed to clear the debts once and for all, debtors who failed to register by March 31 could face government prosecution in the courts and be made to pay what they owe in full, plus interest.

However, it is more likely that the law regulating settlement of the debt will be amended, according to a report in Kuwait's al-Watan newspaper quoting Mr al-Rodhan.

The aggregate debt figure of $21.5bn given by the finance minister is $4.5bn more than the total Souk al-Manakh debt figure previously given.

It is nearly $2bn more than the debt paid in July 1992 by the government when it bought all personal and corporate debt from the private sector from the country's banks in return for a record and one-off issue of government bonds.

Mr al-Rodhan's figure is thought to represent gross indebtedness, including some debts which do not revert to the Souk al-Manakh disaster.

# Index shows US prospects rosy in March

By George Graham in Washington

*Prospects for US manufacturing industry remained rosy in March, according to a monthly survey of purchasing managers, published yesterday.*

The National Association of Purchasing Managers' index rose to 56.7 per cent in March, compared with 56.6 per cent in February. The index has now remained above 50 per cent since last summer.

Helping to ease inflation fears in the bond market yesterday, the NAPM's prices index, which is not included in its overall index, dropped to 64.2 from 67.0 in February.

But the association's assessment of new orders rose last month, while output rebounded strongly after a weather-related decline in February.

The production index reached 64.0 per cent, the highest level in more than six years.

"This continuing strong growth of orders, coupled with exceptionally low inventory levels, should sustain solid economic growth for the immediate future," said Mr Robert Bretz, director of corporate purchasing at Pitney Bowes and head of the NAPM's business survey committee.

Financial market economists also said the index pointed to continuing growth.

"The March NAPM performance gives some sign that the sharp surge in manufacturing activity since last summer, spurred on by strength in the automotive sector, is starting to plateau – but plateau at a very solid level of expansion," said Mr Joseph Liro, an economist at S.G. Warburg in New York.

Frank Wells, president of the Walt Disney Company, died at the weekend AP

Mr Frank Wells, a leading member of the Walt Disney management team which has transformed the faltering fortunes of the US entertainment group over the past decade, was killed on Sunday in a helicopter accident in eastern Nevada, writes Richard Waters in New York.

Mr Wells, 62, president and chief operating officer of the group, was bought in alongside Mr Michael Eisner, the company's chairman and chief executive, in 1984. The two men have been credited with leading a revival of the group, turning it into one of the strongest US entertainment companies.

A lawyer, Mr Wells joined the Warner Brothers film studios in 1969 and was vice-chairman there before moving to Disney 10 years ago.

He took a back-seat role to the younger Mr Eisner. However, Mr Wells was credited as one of the most weighty of the new management team, exerting considerable influence over the renaissance of the company.

Despite its EuroDisney trauma, the company has expanded its film, television and theme park activities in the past decade, raising its annual revenues from $1.5bn (£1bn) to $8.5bn.

Mr Eisner yesterday paid tribute to Mr Wells's "wisdom, charm, zest for experience and challenge, [and] his naked and awesome intelligence."

Analysts said that Disney had one of the strongest executive groups of any company in its industry, and that the death did not leave the group's management seriously weakened.

# US plans tight curb on salmon fishing

By George Graham in Washington

US fishery regulators will meet today in California to discuss a proposal for an almost complete ban on Pacific salmon fishing this year.

The measure represents a drastic attempt to stem the decline in stocks of Pacific salmon species such as coho, chinook and sockeye, which once provided an apparently inexhaustible resource to the native American tribes of the Pacific north-west.

The Pacific Fishery Management Council, a federal regulatory body, has already imposed severe restrictions on commercial and sport fishing for salmon but, at its meeting today near San Francisco, it will consider a complete ban on ocean fishing in 1994, allowing only limited fishing inland.

But fishery experts say even these cuts in fishing would do little to save the region's salmon stocks, many of which have been driven close to extinction by logging, farming and construction damage to the streams in which they spawn, as well as by the north-west's many dams, often without fish ladders to enable the salmon to climb upstream.

Only the Snake River sockeye has been officially listed as an endangered species, while the same river's chinook is listed as threatened.

But, according to a recent report compiled by the Wilderness Society, wild salmon stocks in the Pacific north-west have fallen to 20 per cent of their historical levels, and only pink salmon, among the region's ten major species, are not in decline.

The Wilderness Society said coho, chum, sockeye and spring- and summer-run chinook salmon, as well as summer-run steelhead and sea-run cutthroat trout, are in danger across a wide area.

Autumn chinook and winter steelhead are in slightly better condition, but are still threatened in much of California, southern Oregon and the Columbia Basin.

# EU and US try to remove trade hurdles

## Guy de Jonquières on a race against time to open up public purchases to competition

European Union and US officials are meeting this week to try to agree concessions central to fleshing out last year's accord in the General Agreement on Tariffs and Trade to liberalise the world's public procurement markets.

If they succeed, they will give a big boost to plans to open up to international competition contracts worth more than $300bn a year. But if they fail to resolve differences over market access, fresh trade tensions could erupt even before the agreement takes effect at the start of 1996.

The EU and the US have already joined other industrialised powers in agreeing to bring public procurement of goods and services more firmly within Gatt and have made offers to open their markets further. Though the offers cannot be withdrawn, the two have yet to agree to extend the full benefits to each other. This week's talks, in Brussels, aim at securing improvements covering procurement by utilities and buyers below central government level.

Such improvements would, in principle, also be offered to other signatories of the Gatt procurement code. But time is running short. Though public procurement is not formally part of the Uruguay Round, the US insists a deal with the EU must be reached by April 15 to be approved under the "fast track" voting procedure, under which Congress votes on trade pacts without amendment.

But though US-EU negotiations to date have made some progress, hurdles remain. Both sides believe last-minute horse-trading will be needed by Mr Mickey Kantor, US trade representative, and Sir Leon Brittan, European trade commissioner, at this month's Gatt ministerial meeting in Marrakesh, Morocco. If no agreement is reached there, Brussels fears the EU could become an early target for unilateral US trade sanctions under its recently revived Super 301 provision for retaliation against unfair trade practices. Washington denies it is threatening such action.

The Clinton administration is pressing the EU to end rules which favour European suppliers in tenders for telecommunications and power generation equipment. The rules give European companies a 3 per cent price preference and allow bids with less than 50 per cent EU content to be ignored.

The US believes its suppliers are particularly competitive in these industries and says EU markets are more closed than its own. It claims European manufacturers have 13 per cent of the US public telephone exchange market, while US suppliers have only 1.5 per cent of Europe's market.

But Brussels insists it will drop the preferential policy only if the US first does more to liberalise public procurement by individual states.

Washington last week went some way towards this goal by increasing from 24 to 36 the number of states which, it says, are prepared to drop rules which exclude non-US – and, in some cases, all out-of-state – companies from bidding for public contracts.

However, the EU wants more. As well as demanding that still further states be added to the list, it is stepping up pressure on the Clinton administration to phase out restrictions on state procurement imposed by the Buy American provisions of US law.

The provisions, a relic of 1930s protectionism, exclude foreign suppliers from contracts for federally funded state public works programmes, such as highway and mass transit projects. However, the US has so far shied away from committing itself in a congressional election year to repeal legislation which guarantees orders for domestic industries.

Its growing defensiveness has encouraged Brussels to believe it has gained the initiative in negotiations. "The US cannot reasonably criticise us over preferential rules while so much of their market remains closed to foreign suppliers," an EU official said.

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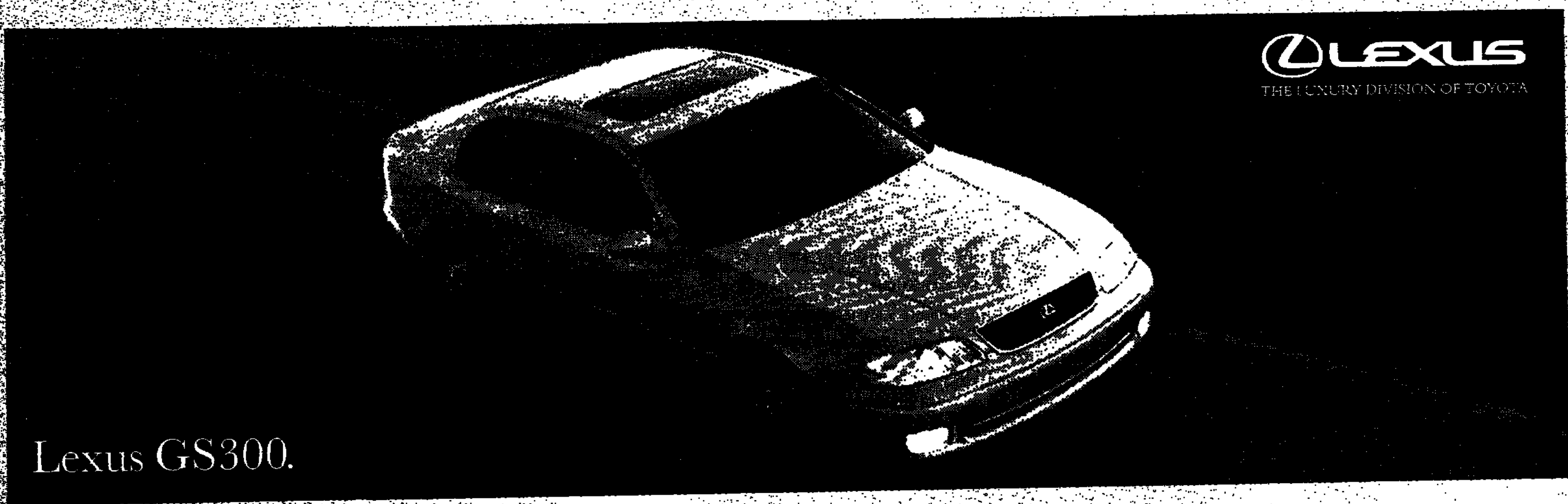



# The new Lexus. What the driven will want to drive.

# NEWS: UK

## Investors urge MMC water probe

By Simon London

Two of the UK's biggest fund managers are urging water companies to appeal to the Monopolies and Mergers Commission rather than accept tough price limits that could be set by Ofwat, the water industry regulator.

In an unprecedented move against the regulator of a privatised industry, Barclays de Zoete Wedd Investment Management and the Prudential, the UK's largest institutional investor, have written to water company managers. They are concerned that water company profits and dividends will suffer if a forthcoming review by Ofwat is too harsh.

Several utilities, notably British Gas which took its case to the MMC, have fought battles with regulators over proposed price caps. However, this is believed to be the first time leading investors have intervened directly.

The institutions' move not only pits them against the regulator but also consumer groups which welcomed the long-term review of water prices, when it was announced by Mr Ian Byatt, Ofwat's director-general, with a promise to "get customers off the endless price escalator". Ofwat will decide this summer by how much more than inflation water companies can raise bills between 1995 and 2000.

Both institutions disagree with the way Ofwat sets price limits. They question the rate of return on capital the regulator has said it will allow companies to earn, and its method of calculating each company's capital value. Any successful appeal to the MMC would have to show that Ofwat's methodology was flawed.

## IRA cease-fire rejected as cynical 'ploy'

By Michael Cassell and Tim Coone

The British and Irish governments yesterday remained united in their rejection of the three-day cease-fire which the IRA begins at midnight tonight in its attempt to win clarification of the Downing Street peace initiative.

Both London and Dublin again criticised the short cease-fire as an inadequate gesture and made clear their exasperation at the IRA's refusal to declare a permanent end to violence, which they say could pave the way to lasting peace in the province.

The two governments hope that their firm refusal to give ground might yet encourage the IRA to consider an extension of the cease-fire, although there were no indications from the republican movement that this was likely.

Republicans continued to insist that the next move must come from the British government in the shape of an offer to open direct talks.

One Easter rally yesterday heard a warning that the British government could expect more violence unless talks began.

Dublin, which has already provided Sinn Féin, the political wing of the IRA, with clarification of parts of the Downing Street agreement, is making clear that it will not put pressure on London to provide any further clarification of its own.

Both governments have rejected suggestions that low-level talks might take place with Sinn Féin during the cease-fire, although in the unlikely event that it is extended beyond Thursday, pressure to restart some form of contacts would quickly mount.

In separate speeches made on Sunday in Belfast and Dublin to commemorate the 1916 Easter rising against British rule, Mr Gerry Adams, the Sinn Féin president and Mr Martin McGuinness, a prominent member of Sinn Féin's national executive, called upon the British government to respond to the "potential" offered by the ceasefire initiative.

Cardinal Cahal Daly, the all-Ireland Primate for the Catholic church, yesterday added his weight to that pressure saying that a "meaningful extension" of the ceasefire would help encourage a "constructive response" from the British and Irish governments.

Such hopes appeared to fade, however, after a warning delivered at a republican rally in County Tyrone in Northern Ireland, by two masked IRA men who said that the republican movement in Tyrone had never been stronger.

Mr Ken Maginnis, the deputy leader of the Ulster Unionist Party, meanwhile urged Mr John Major, the British prime minister, not to respond to Sinn Féin's demands for talks.

"I think if there is any weakening by the government, the IRA may feel like calling a number of short ceasefires, each time believing they can get a little more out of each one," said Mr Maginnis.

## Scott inquiry lifts the lid on government secrecy

### The probe into the export of arms equipment to Iraq has provided a window on the secret workings of government, **Jimmy Burns** says

The Scott inquiry has concluded its main public hearings, which have threatened to do serious damage to the government.

The inquiry was set up after the November 1992 collapse of the trial of three executives of the Matrix Churchill machine tool company on charges of breaching export regulations by selling arms-related goods to Iraq. The court heard evidence that Mr Paul Henderson, managing director, was keeping British intelligence informed of their actions.

Lord Justice Scott over the past 11 months has heard evidence from witnesses which have included former and present members of the cabinet, prime ministers, senior government law officers, intelligence and Customs officers and government department officials.

The inquiry was set up to establish whether the government connived in breaching its own regulations restricting defence-related exports to Iraq and whether it used Public Interest Immunity (PII) certificates to cover up its policy – at the risk of sending innocent men to jail.

The judge's main achievement has been to force ministers and officials to account for their actions in a way that they have never been required to do before in public.

The result is that Britain's machinery of government has been shown to be over-secretive and less than respectful of the need for parliament to know the whole truth, while extremely deft in exploiting legislative loopholes in pursuit of policy objectives.

The evidence so far appears to prove beyond reasonable doubt that:

- Britain's arms licensing system was designed to allow the export of potentially lethal equipment. The onus was on the exporter to describe goods accurately – although in practice licensing decisions often followed wider political considerations which had nothing to do with the nature of the goods exported.
- Ministers and officials breached their own guidelines – never intended to be law – by approving exports of machine tools to Iraq, knowing that they were going to be used for munitions manufacture.
- The government kept its guidelines from MPs for nearly a year and later gave misleading answers to parliamentary questions which tried to elicit the truth about relations with Iraq in the 1980s.
- Inadequate procedures were followed by government lawyers during the prosecution of the Matrix Churchill case. This raised serious questions about the conduct in particular of Sir Nicholas Lyell, attorney-general, the government's senior legal adviser.

Documents made available to the inquiry show that if ministers never deliberately lied to parliament they acted on advice from their officials which covered up policy.

In preparing his report, Lord Justice Scott will have to judge whether this catalogue of failings is the product of the nature of government or whether it underlines political culpability for which individual officials and ministers deserve to be held accountable.

Ministers have told the inquiry the guidelines formulated by Lord Howe, while foreign secretary at the end of 1984, contained an "inherent flexibility" – any decision on arms exports would be judged according to political and military circumstances.

Thus the decision to loosen guidelines to allow more machine tools to go to Iraq following the ceasefire in the Iran-Iraq war was not seen as necessarily contradicting the guidelines' main stipulation that: "In future, we should not . . . approve orders for any defence equipment . . . which would significantly enhance the capability of either side to prolong or exacerbate the conflict."

**The judge will have to decide at what point, if at all, the arrogance of power misplaced accountability**

Sir Nicholas has dismissed as "utterly untrue" the allegation that ministers tried to use PII to protect the government by preventing publication of embarrassing material.

In a statement supported by Mr Gilbert Gray QC, a senior defence barristers in the Matrix Churchill trial, Sir Nicholas told the judge the use of PII certificates was in accordance with guidelines laid down by senior judges in previous cases.

Yet, as Sir Nicholas put it to the judge, "there were a number of things that did not happen as they should".

Sir Nicholas went further than any of his cabinet colleagues in assuming some measure of responsibility. Crucially, he admitted that government lawyers under his supervision had not told the judge or the prosecuting counsel that Mr Michael Heseltine, trade and industry secretary, had objected to signing a PII certificate.

Sir Robin Butler, cabinet secretary, was forced to admit that no attempt was made to stop the Matrix Churchill prosecution even though senior officials knew that it was on shaky ground. Mr Alan Moses QC, Matrix Churchill chief prosecutor, said he doubted whether he would have gone ahead if he had seen documents demonstrating the "clearest possible indication of [government] knowledge" of Matrix Churchill military-related exports to Iraq.

The government insists that only one person is really to blame for the Matrix Churchill debacle: Mr Alan Clark, former trade minister, who misled colleagues and Customs and Excise in a way that made a mockery of ministerial accountability and the system of justice. Yet it was Mr Clark's evidence to the inquiry which seemed to point to the circularity of government conduct in the affair: "Intelligence was telling you that machine tools had to be provided to protect the source that was telling you about the machine tools."

Unlike other officials, intelligence officers have been allowed to give their evidence in private. The extent to which the intelligence agencies may have been part of a conspiracy to pervert the democratic process or whether, as they appear to have indicated, they provided information which others failed to disseminate, is another issue for the judge.

Ultimately, where the protestations of ministers and officials have have seemed less convincing is in arguing that this was how it was done because the demands of realpolitik willed it so.

The common thread which runs through many of their statements is justification, based on a notion of political convenience and a refusal to accept responsibility for getting it wrong.

A minority of civil servants believed from the outset that the government seriously misjudged the nature of Iraqi president Saddam Hussein's regime. Their opinions were ignored the arms which the licensing system was unable and unwilling to prevent going to Iraq came to be used against the west after the invasion of Kuwait.

As he sifts the evidence in the coming weeks, the judge will have to decide at what point, if at all, the arrogance of power misplaced accountability in Britain's dealings with Iraq.

## Britain in brief

### Factory figures prop up recovery

The UK economic recovery is still buoyant, according to two reports, published the day before the full impact of the Conservative government's tax rises starts to hit consumers.

There was a record rise in manufacturing activity in March, according to the purchasing managers' index, while a survey of investment intentions found that almost two out of three UK companies intend to buy a substantial asset over the next three months.

The two reports will sustain hopes that the corporate sector can maintain the strength of the recovery by increased investment, even if consumer spending fades in the face of the tax increases.

The purchasing managers' index rose from 55.5 per cent in February to 58.6 per cent in March, its highest recorded level. The index, which is compiled by the Chartered Institute of Purchasing and Supply, is based on a weighted survey of variables, such as new orders and suppliers' delivery times. Any level above 50 per cent represents an increase over the previous month.

### Pocket money beats inflation

Britain's children are leading the country's recovery with an average rise in pocket money of 9 per cent over the past year – 2.5 times the rate of inflation. For the first time kids in the UK are getting more than £2 a week in pocket money.

But the increase in spending power is not matched by a change in spending habits: most of the cash is still spent on sweets, crisps and ice creams, say parents.

The Wall's Pocket Money Monitor, based on a Gallup survey sponsored by the ice cream company, questioned 988 parents who had 1,570 children in the 5-16 year age group. With the addition of gifts from friends and relatives, and income from part-time jobs, such as paper rounds, the survey concluded that the nation's children have an average weekly income of £4.30.

Overall, children today are considerably better off than their counterparts 20 years ago. Youngsters now get six times as much pocket money as kids in 1975.

### Minister flies to Malaysia

Mr John Patten, the education minister, arrives in Malaysia today for what will be the most high level British visit to the country since Dr Mahathir Mohamad, the Malaysian prime minister, announced a ban on giving any further contracts to British companies.

Malaysia announced the ban on British companies after reports in the British press linking Dr Mahathir with bribes offered by British companies in exchange for contracts. Malaysia has also been angered by the continuing controversy surrounding British concessionary loans for the Pergau dam.

While British officials are stressing that Mr Patten's trip is aimed primarily at fostering the already close educational links between Malaysia and Britain, there is little doubt that part of the minister's mission will be to discover if there is any softening in Malaysian attitudes. In a television interview at the weekend the prime minister repeated that the British press must stop telling what he considered to be lies. Mr Patten is not scheduled to meet Dr Mahathir during his trip.

British companies had hoped to win a large portion of the work on a new £3bn international airport being built outside Kuala Lumpur. The Malaysian ministry of public works says that 29 preliminary tenders for work on the airport are being examined. None are British.

### Unemployment to fall 'to 2.6m'

UK unemployment will fall by around 15,000 per month during 1994, to reach 2.6m by the end of the year, according to a report by merchant bank Morgan Grenfell. "The labour force should continue to shrink and demand for employees, particularly in the service sector, should be firm as the recovery continues," said Ms Sally Wilkinson, the author of the report.

# MANAGEMENT: THE GROWING BUSINESS

**Richard Gourlay** starts a series on business angels with a profile of Sir Peter Thompson

# An angel at your boardroom table

***Mention venture capitalists to entrepreneurs who are trying to raise start-up or early stage development funds and the hostility is often palpable. Their assessment that venture capital companies have "stopped backing ventures or taking risks" is broadly correct.***

***There are some notable exceptions, such as 3i and some houses that specialise in high-tech investment. But most venture capital companies have chosen not to back early stage companies since they were badly burned by high failure rates in the 1980s.***

***With banks also increasingly reluctant to provide equity, there is little option for many entrepreneurs in the UK but to turn to business angels, the businessmen and women who bestow money and wisdom on companies in their early stages of development.***

***This week we launch an occasional series on angels, the businesses they back and the marriage brokers that bring them together. Today we profile Sir Peter Thompson, former chairman of the National Freight Corporation, one of the most successful management and employee-backed buy-outs, and an active investor in private companies.***

For a man who says he has spent most of his life as "a boring big-company man", Sir Peter Thompson's first investments in small private businesses have been remarkable. So successful has the former chairman of National Freight Corporation been that the most reticent of investors might be tempted to follow him into a second career as a business angel.

This is exactly what he would like to see. Sir Peter's great passion is NFC and the concept of employee capitalism that made many of the former nationalised industry's workforce rich individuals when the company floated in 1989.

But his latest crusade is to try to encourage people like himself "fortunate enough" to have amassed wealth to recycle some of it into investments in private companies at early stages of development: "Many people have followed the MBO route that NFC pioneered and it is really they who should be prepared to take the risk and invest in a second layer of wealth creation."

He is not setting a bad example. Early in March, Mercury Communications paid £3.8m for a 37 per cent stake in M33, a company which owns Andromeda Interactive, publisher of CD-Roms and reference books. Three years ago Sir Peter invested £100,000 and became non-executive chairman.

He became involved in one of his earliest investments, a company building private hospitals, while in the middle of persuading the government to let him lead the MBO at NFC. The company, now called Community Hospitals, floated in 1989 and is valued at £90m. "It was my first insight," says Sir Peter, who became non-executive chairman. "Entrepreneurial groups don't just need money, they need managing as well."

Possibly his most successful investment has been in FI Group, which makes and services software through a network made up mainly of women working part-time from home. "Steve Shirley (the founder) said 'I want the employees to buy some of my shares', and off we went down the route of an employee-owned company," Sir Peter says. "The company has just taken off."

A modest man, he insists his record of private investing is not unusual. "I am no better than my peers but I have invested in six companies and none have failed. My perception of the return is that it is very good – much better than putting it into BTR," he says.

He is critical of venture capital companies that no longer take real risks. "The reason people have moved out of true venture capital is the massive failure rate," he says. "I think they (early stage companies) fail because they are never given enough support – not in the financial sense but all the other support they need."

Sir Peter says the lessons angels have picked up in their own varied careers are as useful as the money they bring to young companies.

In his own career Sir Peter has taken his share of knocks. When he arrived at NFC the company had made a £35m loss and was working with a government controlling every penny. "Managing your way out of that kind of desperate situation was a very interesting experience for me and I am sure it actually began to mould the basic phoilosophies I began to develop," Sir Peter says.

Again in 1989, joining John Gunn's British & Commonwealth after its disastrous acquisition of Atlantic Computers, he fought and lost the battle to persuade banks to back his rescue plan. "I think the lesson that came out of B&C was the importance of cash and the importance of having a banking arrangement which was empathetic to what you were trying to do."

He finds the advice he gives the management of the companies in which he invests is very similar. One lesson he preaches "almost obsessively" is how managers need to find quality income streams or ways of securing the cash flow from a large slice of the business.

And he repeats relentlessly the "universal truth that you can only run out of cash once". Take his investment in M33 where Mercury Communications has just taken a stake. "Most of that [success] is due to the flair and entrepreneurship of the two guys who set it up," Sir Peter says. "But I constantly pressed on them that I have known companies go bust in the full flush of expansion because they run out of cash."

At M33 he will now be advising how it should provide information to and deal with a large corporation now that Mercury has taken a significant minority stake.

On a smaller scale, he suggested that the entrepreneur whose executive recruiting agency he backed should base himself in an office next to his own in Newport Pagnell. This gave the entrepreneur in the early days the chance to "have beer and sandwiches at lunchtime" and talk over problems. Sir Peter says he has also helped school this entrepreneur in the disciplines of presenting cash flows, budgets and strategies to board meetings.

He says the angel can also help on simple things like how to deal with the bank manager: "Give the bank more information than they could conceivably want, particularly if things are going badly".

Sir Peter's investment record has been so short of disasters that it is tempting to suspect he has access to a special supply of deals. But he says he came across most of the investments by chance.

For that first investment in Community Hospitals, Sir Peter was approached by Robin Hodgson, chief executive of Granville, then an issuing house and a small venture capital supplier.

The meeting with M33 was more haphazard. In 1990 he answered an advertisement in the Financial Times for a correspondence course on how to make money out of the reverse yield curve on gilts. "I realised I had been creating wealth and managing it and in the process some had stuck to my fingers but I had never given any time to personal finance planning."

After seven lessons, the managing director of the company supplying the course asked whether his illustrious student would endorse the product. Sir Peter said he could be of greater help contributing management ideas and became non-executive chairman.

Shirley found Sir Peter after reading his book *Sharing the Success* about employee share ownership and NFC. She wanted advice on how to implement her plans to allow the workforce to take stakes in the company.

Despite relying on chance to find his investments, Sir Peter hopes there might one day be a comprehensive forum to bring angels together with prospective businesses. And he holds high hopes for the new Enterprise Investment Scheme, which replaced the Business Expansion Scheme at the end of last year, as long as sponsors do not find ways to hijack it with risk-free investments.

His greatest contribution towards creating a more vibrant angel environment may be as a role model and as a gentle goad to other successful business people. "I would not bet the farm on this," he says. "But I see too many of my old colleagues saying 'Let's give our money to an institution to manage' and who are not really creating a second layer of wealth."

Trevor Humphries

Sir Peter Thompson: repeats relentlessly that you can only run out of cash once

*EXPORTING*

# Representative selection

## Rules for UK companies choosing agents in overseas markets

Since the new European Union law on agencies came into effect late last year, UK companies wanting to export must take far greater care in choosing who will represent them abroad. While most European companies will notice no difference as they have had well-defined contracts with agents for many years, the changes have come as a shock to their more cavalier British counterparts.

No longer will UK exporters be able to engage and then drop Continental agents, safe in the knowledge that most will not challenge them in a British court and under common law. Since January 1, UK exporters have become subject to European law which implements a 1986 directive that clearly defines the framework of agency agreements and gives agents well-prescribed rights.

Mike Thornton, partner in Laytons, the Manchester solicitors, says that some UK exporters were so concerned about the changes that many agency agreements were torn up before the deadline, with exporters either turning to distribution agreements or bringing their representatives in house as full-time employees. "I keep impressing on people to spend a few shillings in the beginning drawing up an agreement and save a fortune in court costs later," says Thornton. "Historically, British companies have written their agency agreements on the back of a fag packet."

As with all decisions about starting to export, the choice of whether to go with an agent, a distributor, a joint venture or to set up a local office requires careful planning. The last two options suggest the exporter has a high degree of confidence in the product and deep pockets to support the decision.

But choosing between the agency or distribution route depends largely on the product, the type of market and local custom. The technical difference between a distributor and an agent is that the former buys the goods from the supplier, holds the goods on account and makes its profits by marking up the price. An agent, on the other hand, generally works with his principal's price list and does not take title to goods.

Under the new EU agency law, an agent has the right to inspect such extracts of the principal's books as are necessary to check commission levels. The agent also has a right to compensation if there is early termination of an agreement. "You can end agency agreements," says Thornton, "but you are no longer able to have an agreement so much in favour of the principal."

In most European countries, the exporter of expensive items will require an agent – few distributors will be prepared to fund stocks of big ticket items. For faster moving items, the distributor route is more suitable through most of Europe – although in Italy agency networks and the idea of the middle man are well established.

A distributor is also more appropriate for companies supplying machinery needing maintenance and service support.

David Hammond, managing director of Hertfordhire-based consultancy Aimm, says agencies are a good route for businesses that want to dip their toe in an export market. A distributor, on the other hand, gives a supplier a far more dedicated service in return for which the supplier will have to commit to a level of financial support and agreed production levels.

For many first-time exporters the first port of call should be the country desk of the Department of Trade and Industry, which will put the business in touch with relevant commercial consulates.

**RG**

## BUSINESS TRAVEL

# Inspiration rises from the rubble

**Although much of east Berlin looks like a building site, visitors to the city should choose to stay there, says Judy Dempsey**

Anyone doing business in the German capital should insist on staying in east Berlin.

Certainly, the east is a vast building site, where the bright lights of the tall cranes seem like high street lights for the Mitte, the heart of the city before it was divided in 1961. But at least the change seems positive, unlike in the western part of the city, where the inhabitants complain that unification has raised taxes and increased traffic, and has upset the privileged status they had before the wall came down on the night of November 8, 1989.

Don't be put off by such complaints, or by the dust, noise, rubble and unprepossessing housing in the east. After all, most first-time business visitors to Berlin hope to take advantage of the opportunities for construction and services created by unification.

When you land at Tegel, the main airport north-west of the city, or the small, rather quaint Templehof, a former military airport near the centre, the benefits of unification may not be immediately apparent. Taxi drivers, who charge about DM30 (£11.60) for the journey from Tegel to the centre, will mutter that they cannot find the exact location of the street if your hotel is in the east. They admit that they are still not used to driving in that part of the city – four years after unification.

**Try to stop your taxi driver dropping you off at the corner of Checkpoint Charlie**

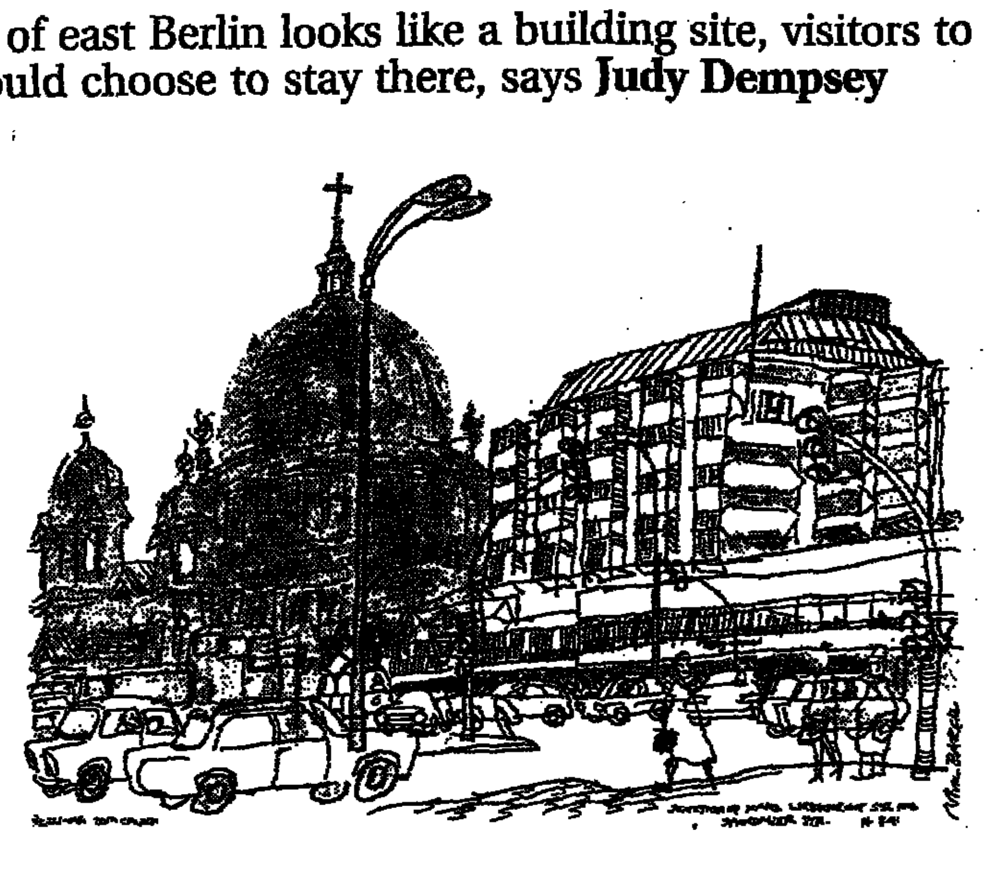
Most good hotels in east Berlin are in the Mitte. Say "Mitte" clearly to your taxi driver, and try to avoid being dropped off at the corner of Checkpoint Charlie, the main crossing between west and east. A helpful taxi driver deserves a tip of about 10 per cent. You should receive a receipt as a matter of course. If not, just say: "Quittung. Bitte."

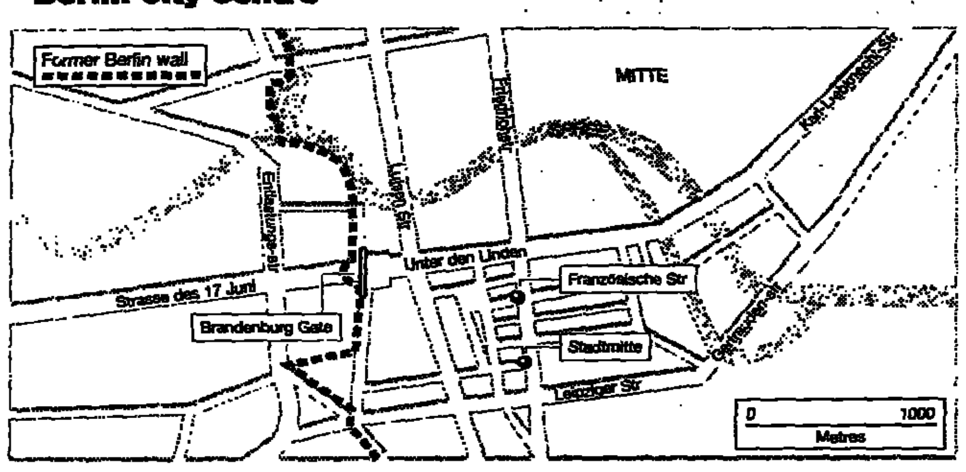
If you want a change from taxis, have little luggage and are not in a rush, you can buy a weekly (DM33) or 24-hour (DM13) travel card for the city's excellent public transport network. The cards, available from machines at the airport bus terminal and at all underground stations, give unlimited travel on the underground, S-bahn – or city trains – trams and buses.

You can also use them on the airport bus, which stops at Karl-Schumacher-Platz, near Tegel. From there, you can take the fast, efficient underground to Französische Strasse or Stadtmitte, which are near the Maritim Grand and Hilton hotels, respectively. These hotels are a short walk from the Treuhand privatisation agency on Leipziger Strasse – it is not worth going by car to the agency, because traffic congestion around this part of the Mitte is acute, especially around 8am, midday and 5.30pm.

Another advantage of using the U-bahn – or underground – is that this avoids the *Umleitungen*, or diversions, on the roads, which are steadily growing in number and can delay the taxis. As most of the city's bankers, engineers, lawyers and Treuhand officials always seem pressed for time, it is polite to arrive with a few minutes in hand.

Berlin is a deceptively big city, and its streets are very long. If you don't want to be late, ask which end of the street the office you are visiting is located.






Berlin city centre

## Doing deals

Before appointments, find out whether an interpreter is needed, or whether one will be provided. Most of the west Berlin business community – but not, as a rule, most officials from the senate or government – speak English. Many, however, prefer to speak German. And if you meet with local managers in the eastern part of the city, they are more likely to speak Russian than English. Another point to remember: always shake hands when meeting and leaving.

If your contacts need extra copies of architectural or construction plans that are too big for the hotel to cope with, there are outlets called Copyhaus. One is in Georgenstrasse 3, close to the wonderful Pergamon Museum, and is open from 9am to midnight on Monday to Friday, and from 10am to 18.30 on Saturday. Another is in Grunewaldstrasse 18, south of the city, which is open until midnight on Saturday.

Most visitors to Berlin end up doing some walking. This exercise is welcome in a city where the inhabitants, particularly the middle to older generation, are fond of large, heavy meals, three times a day.

## Where to eat

Pace yourself. If you are meeting clients over breakfast, most hotels will provide the full buffet, from fresh yoghurt, salami, fish and a selection of meats, to a variety of excellent rolls, fruit and cereals. If you prefer to eat breakfast outside the hotel, try Cafe Berio in Nollendorf-platz, or any of the cafés in Savigny-platz, both in the west. Savigny-platz has better surroundings, is very trendy and is a short walk from Ku'damm, or Kurfürstendamm, the main shopping area of west Berlin.

The east is not particularly good for eating out, although it is slowly improving. For lunch, you can wander up to Oranienberger Strasse and try Cafe Oren, or Cafe Silberstein, or dine under the arches at Zum Nolle at Friedrichstrasse railway station.

For dinner, go west, where there is an ever increasing number of good restaurants, including Cafe Einstein, a grand old Berlin coffee house which refuses to indulge in heavy German food, except for the Schnitzel. If the weather is fine, ask for a table in the wonderful garden. Otherwise try Il Calici, just off Adenauerplatz, and Paris-Moskau, behind the Reichstag, the future seat of government. Increasingly, restaurants and shops take credit cards, but this is still a cash-oriented society.

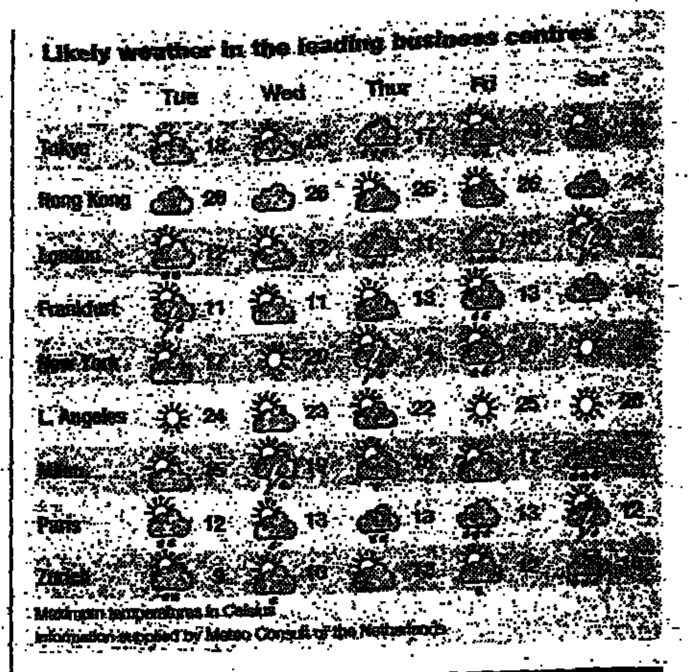
## Leisure time

If, after all of your appointments and meals, you have time to spare, your decision to stay in the east will be vindicated. The hotels are a stone's throw from the Staatoper on Under den Linden, the Schauspielhaus, home of Berlin's symphony orchestra, and a short walk from the Berlin Philharmonic. There is also a good English-language bookshop on Mauerstrasse, which stocks daily newspapers – east Berlin has been slow to set up kiosks selling non-German papers. The few that do stock them sell out quickly. Otherwise, the hotel should oblige.

**Most west Berlin business people speak English, but many prefer to speak German**

In the centre, the shops close at about 6pm, except on Thursdays when they stay open until 8pm. They remain open until 4pm, other than on the first Saturday of each month. Banks generally open at 8.30am and close at 2pm, except for Tuesdays and Thursdays when they stay open until 6pm, but it depends on their location.

As for the overpriced duty free goods at the airports, forget them. It would be better to buy a fine art history of Berlin or Potsdam at the bookstores and ponder whether this strange, unhappy, united city will ever recapture its former glory and confidence.




## Amman's Forte in flames

A fire at the Forte Grand hotel in Amman yesterday morning killed one person and injured 12 others, writes Michael Skapinker. Forte said yesterday that the fire had started at 5.30am local time in a lounge on the first floor. The UK company said staff had extinguished the blaze by the time the fire brigade arrived.

All 430 guests were evacuated. An Italian guest died of a heart attack. Nine other guests were taken to hospital suffering from the effects of smoke inhalation. A British hotel employee, his wife and child were also injured.

The company said it would not know the cause of the fire until investigators had completed their work. Any guests with reservations at the hotel for this week should contact their travel agents.

## Moscow metro

Four people were injured in the Moscow metro last Thursday in the second accident to hit the underground rail network, once a byword for safety and reliability, in two days. Last Wednesday nine people were taken to hospital when carriages that had become disconnected clashed. Metro officials have complained that they were finding it increasingly difficult to maintain safety standards as the government and Moscow authorities had failed to provide adequate funding over the past three years.


## Arab dispute

Gulf Air president Salim bin-Ali Assiyabi on Monday criticised Arab carriers, including newly-born airlines in the region, for competing in a limited market by offering lower prices.

Mr Assiyabi, whose airline has faced increasing competition in the Gulf, contrasted the "appropriate" European framework for regulating the air transport industry with the lack of a proper regulatory framework in the Arab world.

He did not give names but both Qatar and Oman, which together with Bahrain and Abu Dhabi own Gulf Air, recently set up separate airlines that compete with Gulf Air on some of its routes. Dubai, also in the UAE, has in addition set up the thriving Emirates airline.



## LEGAL NOTICES

**UNITED STATES BANKRUPTCY COURT**
**NORTHERN DISTRICT OF TEXAS DALLAS DIVISION**

In re:

FIRST CITY BANCORPORATION OF TEXAS, INC., Debtor.
§ Case No. 392-39474-HCA-11
§ Chapter 11

**NOTICE OF THE HEARING TO CONSIDER APPROVAL OF PROPOSED DISCLOSURE STATEMENT**

All creditors of First City Bancorporation of Texas, Inc. ("First City"), shareholders and other parties in interest, including all holders of First City common stock, First City Series A Preferred Stock, First City Series B Preferred Stock, First City Series E Preferred Stock, and the indenture trustees for the 13 1/4% Notes due September 15, 1992, the Floating Rate Notes due January 1995, and the Subordinated Floating Rate Notes due April 1996, issued by First City are hereby notified that on March 11, 1994, First City Bancorporation of Texas, Inc. filed a Disclosure Statement in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

THE FILING OF THE DISCLOSURE STATEMENT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED A SOLICITATION OF ACCEPTANCE OR REJECTION OF FIRST CITY'S PROPOSED PLAN OF REORGANIZATION (WHICH WAS FILED ON MARCH 7, 1994). Under the Bankruptcy Code, First City may not solicit acceptance or rejection of a plan of reorganization from creditors, shareholders and other parties in interest unless, at the time of or before such solicitation, there is transmitted to such creditor, shareholder or other party in interest the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the Court as containing adequate information.

PLEASE TAKE NOTICE that a hearing will be held to consider approval of the Disclosure Statement on April 18, 1994, before the Honorable Harold C. Abramson, United States Bankruptcy Judge for the Northern District of Texas, 1100 Commerce Street, 14th Floor, Dallas, Texas 75242, at 3:30 p.m.

PLEASE TAKE FURTHER NOTICE that all objections to the Disclosure Statement in order to be timely must be filed with the Clerk, United States Bankruptcy Court, 1100 Commerce Street, Room 14A7, Dallas, Texas 75201, and a copy delivered to (a) Carrington, Coleman, Sloman & Blumenthal, L.L.P. (Attention: Stephen A. Goodwin, Esq.), Attorneys for First City Bancorporation of Texas, Inc., 200 Crescent Court, Suite 1500, Dallas, Texas 75201, (b) Andrews & Kurth, L.L.P. (Attention, James Donnell, Esq.), Attorneys for the Official Unsecured Creditors Committee, 4200 Texas Commerce Tower, Houston, Texas 77002; (c) Akin, Gump, Strauss, Hauer & Feld, L.L.P. (Attention: H. Rey Stroube, III, Esq.), Attorneys for the Ad Hoc Committee of Holders of Series B and Series E Preferred and Common Stock, 1900 Pennzoil Place, South Tower, 711 Louisiana, Houston, Texas 77002; (d) Gibson, Dunn & Crutcher (Attention: Michael A. Rosenthal, Esq.), Attorneys for Ad Hoc Committee of Holders of Series A Preferred Stock, 1717 Main Street, Suite 5400, Dallas, Texas 75201-7390; and (e) Office of the United States Trustee (Attention: George McElreath, Esq.), 1100 Commerce Street, Room 9C60, Dallas, Texas 75242 so as to be received no later than by 4:00 p.m. (Dallas, Texas Time) on April 12, 1994. In order to be considered at the hearing, any objection must set forth with particularity the grounds of such objection and, to the extent the objector wishes to cause a disclosure statement to contain additional disclosures, must set forth proposed language changes or insertions; and

PLEASE TAKE FURTHER NOTICE that a copy of the plan and the above-referenced disclosure statement are on file with the Clerk, United States Bankruptcy Court, Northern District of Texas, Dallas Division, 1100 Commerce Street, Dallas, Texas 75242, and may be examined by any interested party at any time during regular business hours. Additional information can be obtained from counsel to First City.

PLEASE TAKE FURTHER NOTICE that, in accordance with Rule 3017(a) of the Federal Rules of Bankruptcy Procedure, any party in interest may obtain a copy of the plan and/or disclosure statement by submitting a request for such documents in writing and served upon First City by first class or overnight mail or personal service, care of Carrington, Coleman, Sloman & Blumenthal, L.L.P. (Attention: Stephen A. Goodwin), 200 Crescent Court, Suite 1500, Dallas, Texas 75201 on or before April 8, 1994.

PLEASE TAKE FURTHER NOTICE that the Hearing described above may be adjourned from time to time without further notice to creditors or interested parties other than by announcement of the adjourned date at said Hearing.

DATE: Dallas, Texas
March 18, 1994.

/s/ Stephen A. Goodwin
Stephen A. Goodwin
State Bar No. 08186500
CARRINGTON, COLEMAN, SLOMAN & BLUMENTHAL, L.L.P.
200 Crescent Court, Suite 1500
Dallas, Texas 75201
(214) 855-3000
(214) 855-1333 - Fax
ATTORNEYS FOR FIRST CITY BANCORPORATION OF TEXAS, INC.

In the High Court of Justice No. 00916 of 1994
Chancery Division

IN THE MATTER OF HALKIN HOLDINGS plc
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 16th March 1994 confirming the reduction of its capital from £8,824,500 divided into 50,490,000 Ordinary shares of 5p each and 14,000,000 Deferred shares of 45p each to £2,524,500 divided into 50,490,000 Ordinary shares of 5p each and the reduction of its share premium account from £15,589,051 to £4,589,0512 was registered by the Registrar of Companies on 23rd day of March 1994.

Dated this 5 day of April 1994
Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Ref: AWR/8816
Solicitors for the above-named Company

In the High Court of Justice No. 00917 of 1994
Chancery Division

IN THE MATTER OF RONSON PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 16th March 1994 confirming the reduction of its share premium account from £9,264,706 to £674,706 was registered by the Registrar of Companies on 21st day of March 1994.

DATED this 5 day of April 1994
Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Ref: AWR/8816
Solicitors for the above-named Company



TALI

هكذا من الاصل

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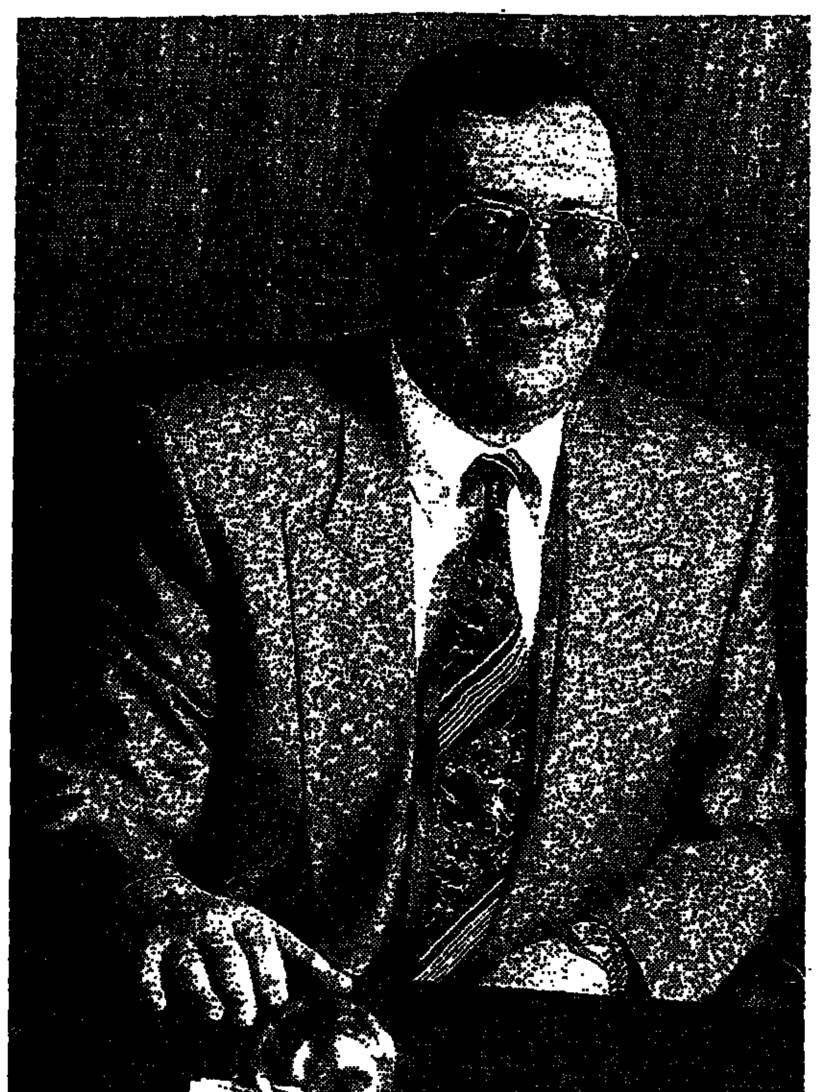
THE *People page*

# Making the medium the message

## Vladimir Gussinsky tells Leyla Boulton how he hopes to help Russian society



The first and only Russian to build a private media empire, Vladimir Gussinsky rejects suggestions that he is Russia's answer to Rupert Murdoch.

His press secretary says the parallel does not fit because Gussinsky does not seek to control what his media says. The explanation from Gussinsky himself is that of a businessman. "In the west, the media means revenues. In Russia, it means expenditure," says this 41-year-old banking, real estate, and now media, magnate.

Gussinsky declines to say exactly how much money his Most (Bridge) banking and construction group has put into building one of the nation's most popular television networks, and one of its most respected liberal newspapers. He says simply that helping NTV, his Independent Television Company, and Sevodnya (Today) newspaper – both of which recently celebrated their first anniversary – will cost him and his bank partners "dozens of millions of dollars". Two Russian banks, Stolichny and National Credit, share with Gussinsky a majority stake in and the extension of cheap loans to NTV and Sevodnya.

Like Murdoch, Gussinsky's investment in the media, which he believes will ultimately pay back financially, is also about power – albeit in a specifically Russian context. His explanation is simple: "We must try to influence the political and social situation in the country so that our investments are secure and a market and society develop in the most legal way possible".

His focus is on upmarket journalism. The quality and independence of NTV's news programmes have been a big factor in the company's rapid transformation into a direct threat to Russia's ailing state-owned Ostankino and Russian Television networks. NTV's weekly Itogi (Conclusions) programme is the closest thing Russia has to a serious western-style analytical news programme, while its daily mixture of news and feature films has managed to attract 40m viewers in just one year.

Sevodnya newspaper, which took over many of the best journalists from the rival Nezavisimaya (Independent) newspaper, manages a print run of 100,000 in a nation of 150m at a time of falling demand for newspapers.

Gussinsky's approach stands out in a country where much of the media's dependence on meagre state subsidies means they are open to political influence and corruption.

Some critics would argue that he is simply ambitious and rich enough to afford the sort of media whose quality can only enhance his own prestige and respectability. Others point out that private media ownership introduces to Russia new constraints of a different kind: the media's inability to criticise its private owners or clash directly with their interests.

Although Itogi has presented both sides of the argument over foreign banks coming to Russia, Sevodnya, for instance, has consistently backed Russian banks' demands for protection against western banks, a view which coincides with Gussinsky's.

Both his media have also stayed away from corruption allegations made against the Moscow city authorities, with whom Most has close business relations. Despite some fears of what use Gussinsky might make of his power further down the line, for the moment, however, the benefits of media patronage outweigh any disadvantages of what he describes as enlightened self-interest.

"As soon as the freedom of the journalists stops, I think (private) banks will stop existing," Gussinsky says. "It is a symptom and a test. The first thing the Bolsheviks did was to limit the freedom of speech."

NTV's superior performance has also demonstrated just how much the state-dominated media has suffered from a lack of competition to date. Resistance to new, competitive, private media has come not only from Russian conservatives, but from officials within a Kremlin establishment used to treating the media as its private property. Gussinsky only won the right to lease Russia's state-owned fourth channel every day from 6 pm to 1 am for NTV – a rare concession to private television – after a decree signed by the president was pushed through.

His appetite for "creating the preconditions in which the media can flourish" also reveals the instincts of a man who loves to influence events from behind the scenes. He says that NTV is to spend some \$30m acquiring rights to what he describes as some of the best films from the US, England, Italy, and France. He wants to build NTV, which leases state-owned premises, a studio and technical centre of its own, as well as to buy into a professional advertising agency.

While planning to expand its network of foreign correspondents, NTV has negotiated news-sharing agreements with both Reuters and CNN. Gussinsky is now examining the possibility of acquiring a few radio stations, including Ekho Moskvy, whose independent coverage played a role in defeating the August 1991 coup but now says it will die without financial support. He is also discussing with Time a project to launch the US news magazine in Russian.

He says he has no ambitions to expand internationally. And, although he has a home in London, he has no intention of joining the exodus of rich Russians who have made a pile of money and left Russia for good.

As Russia displays a more assertive foreign policy, Gussinsky says that what it needs from the west, more than any financial aid, is understanding and treatment as an equal partner.

"What is wrong with letting BP refine oil in Russia? In a society like ours, industry cannot simply disappear. Patriots who ask why we should drink foreign vodka could well create a fascist state. If that happens, we will be the first victims, and [the west] the next."

*Personae . . .*

# Bowlin moves up at a bad time

Is this the time to take over the running of an oil company, asks Richard Waters.

Mike Bowlin, who becomes chief executive of Atlantic Richfield on July 1, could hardly have picked a worse moment. Oil prices, which slumped late last year, slumped again last week. "It was not what we expected," Bowlin says ruefully. Like others, Arco had predicted that oil prices – now around \$14 a barrel – would rise to \$20 a barrel this year, and stay there for some time to come.

"Episodes like the one we have just gone through make us stop and wonder," he says.

If that wasn't bad enough, Arco has just poured hundreds of millions of dollars into trying to build its reserves in Alaska (the location of most of its current reserves) with little success.

Under Bowlin, Arco is set to direct more of its efforts overseas. The company has already scaled back its \$1.9bn development budget for this year, he says, with the US taking the brunt of the cuts. "We have not cut back in the international arena."

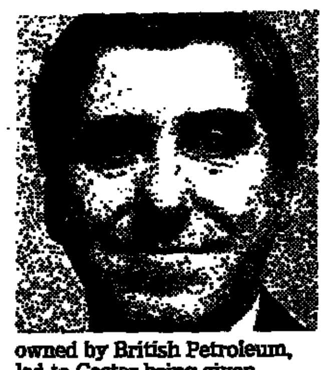
Bowlin, 51, was behind Arco's first push overseas, in the late 1980s, and is set to continue the drive. As head of international acquisitions, he was behind the takeover of Tricentrol in the UK in 1988 and the development of gas projects in Indonesia and China. The aim is to push overseas upstream activities up to the level of those in the US, he says.

There is at least one silver lining to the current slump, says Bowlin. Foreign governments will be forced to change the terms of their contracts with international oil groups to encourage them to continue exploration.

And the oil price? "There is one thing I'm certain of: it will still go up and down."

# Unisys attracts computer luminary

Malcolm Coster was in his mid-40s when he sold his share of James Martin Associates, a brilliantly successful software company, to Texas Instruments for what he describes as "drop dead money", writes Alan Cane. It was enough to live comfortably for the rest of his life and reject all but the most attractive job offers.



Fortunately for Unisys, Coster (right) was far from ready for retirement. This month he accepted the job of president of its Europe, Middle East and Africa division, based in London but with responsibility for more than 7,000 employees in 55 countries.

Now 50, he comes to Unisys via Coopers & Lybrand's management consultancy, where he headed international business development, ran the UK consultancy service and looked after strategy and planning. "It was getting a little heavy," he says.

A mathematics graduate from London University, Coster cut his computing teeth in the 1960s with CEIR, the UK's oldest software house. Later he became systems and programming manager for Lloyds Register, then creating a sophisticated management information system.

A further spell with CEIR, newly renamed Scicon and owned by British Petroleum, led to Coster being given responsibility for BP's systems worldwide with funding of £300m a year. Some of that went to the computer guru James Martin, who in 1983 persuaded Coster to help him launch James Martin Associates with the aim of building an automated software development system, now known as the Information Engineering Facility.

Unisys represents a different challenge. Brought back from the dead after several years of losses by chairman James Unruh, it still has a long way to go to achieve sustained, profitable growth. That, says Coster, is the appeal: "It is the chance to be a hero."

# Gaviria courts OAS scepticism

It is usual in Washington to scoff at the Organisation of American States, the western hemisphere's private and generally ineffectual United Nations, writes George Graham.

It is also, however, polite to greet new arrivals with enthusiasm, so Cesar Gaviria, who will take over as OAS secretary general when he steps down as president of Colombia in August, can expect messages of support.

US politicians have tended to treat the OAS with the same kind of scepticism they shower on the UN. "The Organisation of American States is a kind of mini-United Nations where we can be voted down in only three languages, thereby saving translators' fees," says Irving Kristol, the conservative commentator.

Latin American members, on the other hand, have seen the OAS as rarely able to extricate itself from the dilemma that if it acts the way the US wants, it is accused of kowtowing, while if it doesn't, it is simply ignored. They have increasingly taken their problems directly to the UN in New York.

Gaviria should get a warm welcome from President Clinton, who has shown his interest in Latin America by calling a summit meeting of the region's heads of state – even if his choice of Miami for the gathering is not universally acclaimed.

Now 47 – the same age as Clinton – Gaviria was elected to parliament at the age of 27 and became finance minister before he turned 40.

His presidency has been an uphill struggle, but despite widespread drug violence, Gaviria has made headway in opening up the Colombian economy through free trade and privatisation. Free trade will also be his priority at OAS, he says, with an ambitious goal of linking the hemisphere's trading blocs into a single free trade zone.

# Judgement day for the restorers

## A 'new' Michelangelo is unveiled this week, writes Susan Moore

Ever since its completion during the papacy of Paul III in 1541, Michelangelo's "Last Judgement" fresco in the Sistine Chapel has been the subject of criticism. The Pope's Master of Ceremonies, incensed by his cameo role as Minos at the Mouth of Hell, begged the pontiff to destroy it; unseemly baggy shorts were added to tone down the prevailing nudity while El Greco modestly volunteered to paint something better in its stead. Even among Michelangelo's supporters, the fresco, on the altar wall, has not enjoyed the celebrity of Adam, on the Sistine ceiling, or Moses on the *Tomb of Julius II*.

Now, however, as the Pope prepares to celebrate mass on Friday to mark the unveiling of the newly restored "Last Judgement", the attacks will be directed at a different target. The work of art itself will barely get a look in as every detail of the restoration will be pored over. Voices will be raised in protest against the destruction of a great masterpiece, echoing the clamour that surrounded the unveiling of the ceiling frescos four years ago after a decade of restoration work.

Then, the prime objection centred on the claim that Michelangelo had combined true fresco, which is painted on to wet plaster and forms a chemical bond with it, and *secco*, which is painted after the plaster has dried. Critics argued that the Vatican restoration team had cleaned off the *secco* and that subtle layers of pigment had been eradicated. For the critics, Friday's unveiling is the last chance for a high-profile lament on the whole issue of restoration.

The Sistine Chapel, and above all the ceiling, is so familiar that people commonly feel they have always known what it looked like. It is an old friend. This is particularly true of art historians, many of whom had recorded their descriptions of the frescos as sombre and sooty. Michelangelo had always been presented as no colourist, as a sculptor press-ganged into painting who preferred to work in *monochrome*. The Ancestors of Christ, depicted in lunette frescos, had been plunged into darkness, it was argued, because they lived before the light of revelation. Suddenly the restoration revealed them bathed in light and dressed in startling acid colours.

The new Michelangelo was revealed to be far less the isolated genius than a recognisable child of his time – the pupil of Domenico Ghirlandaio and the inspiration of Pontormo and Rosso Fiorentino, the next generation of Florentine painters. These colours were not unfamiliar: they were all around Michelangelo, but for some reason he was not thought to have used them. Maybe geniuses are not meant to conform to any norms of their age.

The truth so conveniently ignored by the non-interventionists is that almost no painting or fresco has escaped tampering in the past. A vote for the status quo is rarely going to preserve the unadulterated patina of centuries. Rather it is often a preference for the unscientific messing about of the past as opposed to the marginally more informed approach of the late 20th century. Today's restorers not only tend to give a truer picture of the original but also frequently wipe away the misdemeanours of their predecessors, who were not above petty censorship or the concealment of signatures.

Even the sternest purists have had to accept the necessity of conservation as opposed to restoration: works of art frequently require life-saving operations when they do not need facelifts. In the case of the Sistine Chapel, something had to be done. The glues and resins, used by restorers since the late 16th century to revitalise Michelangelo's ever darkening colours, were deteriorating and in the process detaching colour from the plaster. If nothing had been done, the master's work would simply have crumbled away. The 1980s restoration cleared the frescos of centuries of dust and smoke – from candles, oil lamps and the braziers formerly used for heating – as well as earlier restorers' glues and the blackish overpaintings added in desperate bids to accentuate lighter passages. The difference before and after was astounding. It is hardly surprising that cleaning should have divided opinion so radically.

The idea that the work of art one grew up with and learned to love was not all that it seemed is invariably painful. But there is a real possibility that the transformation wrought by restoration can be for the best. In other media similar battles are all but won. The experience of a "Messiah" played on original instruments and performed on the scale which Handel intended might be enough to set the old Huddersfield Choral Society turning in its grave, but few now would deem it an arid exercise in musical archaeology.

The new "Last Judgement" is bound to spring plenty of surprises, not least Michelangelo's more painterly technique and use of almost Venetian rich colour, but only the most deluded of observers can really believe that there was no room for improvement in its previous appearance. The Vatican team has proceeded with admirable caution, taking – at 14 years – four years longer over the restoration of the frescos than the the master took to paint them.

Vatican Museums and Galleries

**Hidden secrets: Michelangelo's fresco 'Last Judgement' before its restoration**

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Opera/**Richard Fairman**

# Onegin on a shoestring

The day of the disposable opera production is drawing nigh. The problem with encouraging audiences to expect a risk-taking production with novel ideas when they go to the opera is that the novelty soon wears off and then they do not want to see it again. The risk is financial as much as artistic, since any revivals are likely to lose money.

The Arts Council put its finger on this dilemma when it warned English National Opera that the company had an insufficient stock of revivable productions. The new management has taken that to heart, scheduling no less than eight new productions for next season. More immediately, there is the question of what to do about revivals already planned of first-time failures.

The 1989 *Eugene Onegin* was one of those – not an outrageous disaster, but uninspiring (the worst kind at the box-office). At first a straight revival was announced, then a "re-staging", and finally a new production, though heaven knows how little money was available for Julia Hollander.

Her designers (Fotini Dimou the sets and Tahra Kharibian the costumes) have at least managed to make a twopenny budget look as though it stretched to threepence-ha'penny. By the middle of the opera one gets used to the back-to-basics settings. Madame Larina's party is a crowded affair, where dancing couples bump into each other, nicely capturing the parochial atmosphere. Lensky and Onegin's duel is held on a lonely, frosty landing-stage.

On balance, this is an improvement on before, as is Hollander's production. After the previous experiment had failed, there must have been pressure to deliver a conventional show. This is by and large what she has done, dressing the opera fairly sensitively in the period and social milieu for which it was intended. There is little novelty this time round, but much that is straightforward and true, especially in the treatment of the main characters.

Cathryn Pope looks by far the youngest Tatyana I have seen. A mere adolescent, she is shy and uncertain of herself, a bundle of unformed impulses, blown this way and that by the conflicting emotions of the Letter Scene. One's sympathy goes out to her, just as Tchaikovsky intended. Inevitably the older Princess Gremin suits her less well (the top of the voice is unpleasantly strained) but, in her, the opera has found its heart.

The Onegin and Lensky are well differentiated physically: Peter Coleman-Wright's Onegin is tall and handsome, an outwardly assertive man with firm and decisive singing to match; Bonaventura Bottone's Lensky is short and plump, dressed in slightly shabby poet's clothes, his bright tenor encompassing the music with accomplishment, but not much romance. Neither stimulates the emotions, as Pope's Tatyana does.

The focus remains firmly on the central trio, though Ethna Robinson has the cheerful bounce for Olga and Richard Van Allan gets dignity to do duty for strong top notes as Prince Gremin. There is no need to look at the programme to tell that a Russian conductor is in the pit. Alexander Polianichko hails from the Bolshoy and gives us Tchaikovsky school of Svetlanov, vibrant, passionate, the volume turned up to maximum for the Polonaise.

He has no doubts where the opera is heading and it is his brazen decisiveness which keeps the momentum going in an evening which might have faltered under another conductor. Presumably this budget production is only intended as a stop-gap. What will ENO do for *Eugene Onegin* next time?

In repertory until 4 May

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Concert/**David Murray**

# Goode plays Beethoven

The latest instalment of Alfred Brendel's Beethoven cycle is just a week away. Meanwhile, however, there is Richard Goode's, which began on Thursday at the Queen Elizabeth Hall with four early sonatas and the late, dappled one in A, op. 101. (Second concert tomorrow, a third next Tuesday; then 10 more sonatas in November, and a final series later in the season.)

On the strength of this first programme, Goode is plainly just as rewarding a Beethoven pianist as American reports have proclaimed him.

There is none of the hierophantic "I am ushering you into the presence of a Great Work" manner. Goode just plays, with evident delight and a buoyant imagination which belies his sure command of Beethoven's structures. Also he croons and hums along, like his teacher Rudolf Serkin and like Glenn Gould.

Certainly the vocal *obbligato* is redundant, for he makes the piano sing with appealing directness – rare among self-conscious moderns in this repertoire, especially since the death of Serkin.

A favoured way of playing Beethoven is to build up edifices of distinct, sculpted blocks. Instead, Goode treated all the music as running lyrical discourse, shaded with such easy subtlety that every phrase bore its own speaking sense in the argument. Only in retrospect did we realise how firmly the larger forms had been tamped into place.

He opened the cycle conventionally with the first sonata, op.2 no.1 in F minor. By way of revealing the young Turk at once, pianists often make it an exercise in junior thunderbolts; with Goode it was lighter and wittier than that, without sacrificing its air of a challenging début.

There and in op.14 no.1 and op.22, he mostly played "brilliant" arpeggios and scales as light decorations, almost throwaway effects, not aggressively motorised note-by-note and therefore not inflated.

With the *Sonate Pathétique* he broadened his scale dramatically, without hardening. It must need a rare purity of heart to shape the familiar Adagio so sweetly and uncomplicatedly. As for op. 101, it stretched out great branches, richly and effortlessly and marvellously coloured on a towering scale that remained human. It felt like a rare temperamental attunement between master-pianist and masterpiece.

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London Theatre

# Johnny on a Spot

Why has the National Theatre revived Charles McArthur's forgotten 1942 political farce *Johnny on a Spot*? As one of those who watched most of the first night po-faced, I am curious.

Partly, I guess, the National reckons that we could do with a comedy about political corruption these days. Others may say that we are now too familiar with such matters to find them funny, but that is nonsense. We need to laugh at them more than ever. And, on the crookedness of politicians, McArthur was remarkably prescient. Following his plot today, we are reminded of other statesmen who have praised family values while adulterising in private, of other rigged elections, of other mismanagements of hospital finances, of other politicians whose corpses have been found in their mistresses' homes.

Yet if you revive an American play from 1942, you do so, surely, because you think you can breathe new life into it. In Richard Eyre's staging, *Johnny on a Spot* bursts into brilliantly funny life for about five minutes, while James Grout, as Judge Webster, tries to improvise a speech on live radio. He keeps forgetting that he's on the air, he has no notion what specific points he's supposed to be making, and he keeps misunderstanding the mime signals with which his colleagues try to feed him hints. Grout's lurching eyebrows, gaping mouth, bulging figure and booming voice all afford perfect hilarity here; and elsewhere in the play he is always a model of enchanting detail.

This, however, is not enough. Most of the acting is what I want to call competent, except it is not quite competent enough to animate this farce. As Nicky Allen, Upjohn's campaign manager and the plot's central manipulator, Mark Strong has looks and energy – but not the leading-man charm and openness of spirit that this latterday Harlequin-Figaro type requires. As his gal, Julie the secretary, Janie Dee does have bright-eyed charm, but (the lines tell you) the role calls for more force of character. Amid the cast in general, even from the excellent Michael Bryant, there are too many unAmerican vowels and too much placing of the voice at back of the head, *á l'anglaise*.

So, without quite enough style and character to animate it, the play creaks. Its various crises feel as if they are being switched on and off for dramatic convenience. Jokes crop up and fall like lead. Two of the main female characters (Pearl the madame and Barbara the Judge's niece) are caricatures of sexiness, and played so broadly by Diane Langton and Geraldine Fitzgerald that they keep verging on the grotesque. Poor Bryant struggles to make an impression more forceful than the live parrot that squawks on his wrist.

Then there is the question of why Eyre & co. decided that the Olivier was the theatre for this farce. There are several times when different conversations or speeches overlap – a comic device that collapses when projected into the great fan shape of this auditorium.

William Dudley has designed a huge glamorous hall of an office. Too huge for comic comfort; not huge enough for the stage; and the glamour is distracting.

**Alastair Macaulay**

Olivier Theatre
071 928 2252

# Beautiful Thing

When it first appeared at The Bush last summer, Jonathan Harvey's *Beautiful Thing* had reviews ranging from the mildly appreciative to the strongly enthusiastic. It has arrived with a different cast at the Donmar Warehouse but it may have been better in the more intimate, run-down environs of The Bush. For the slight trouble with the Warehouse is that it tends to make everything look chic.

The setting is a block of apartments in Thamesmead, South East London, 1993. Admittedly there is a heat wave, so much of the action takes place outside on what is remarkably like a sunroof. It might be bleaker if it were raining, but on this showing – for all the references to paper walls – life in South East London does not look all that bad. This is not a play about poverty or deprivation; broken families perhaps, but still economically above water.

Central to the piece is the blossoming love affair between two male adolescents. It is delicately done: first sharing a bed head to foot, then touching each other. They end dancing smoochily in the presence of one of the boys' mothers. She has come to terms with her son's affections surprisingly quickly.

Just a couple of points. *Beautiful Thing* is extraordinarily sentimental. I wonder if there would be any interest in it if the affair were not homosexual: the dialogue is pretty trite. And despite a lot of audience laughter, at least on the first night, I didn't find the piece funny. The semi-educated characters who spend their lives watching and quoting television seem to me rather sad. If it were not for the artificial ending of the mother accepting the love affair, *Beautiful Thing* would be a harsh not a sentimental play. It is not at all clear what Harvey is saying.

The two boys are excellently played by Mark Letheren and Shaun Dingwall. The implausible mother is Amelda Brown. She looks good, acts well, and it is not her fault that the part fails to make sense. The director is Hettie Macdonald, as at The Bush, so presumably she is satisfied with the move to smarter surroundings. Possibly Harvey deserves something rougher for a bit longer.

**Malcolm Rutherford**

Donmar Warehouse
071 867 1150

*Antony Thorncroft's column on Arts Sponsorship will appear on Friday*

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# INTERNATIONAL ARTS GUIDE

## AMSTERDAM

**Muziektheater** Tonight, tomorrow, Fri, Sat: Dutch National Ballet presents a Balanchine programme. Mon: Edo de Waart conducts revival of Harry Kupfer's production of Salome. Runs till May 3 with cast led by Josephine Barstow, John Bröcheler and Linda Finnie (020-625 5455)

**Concertgebouw** Thurs: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Mahler's Seventh Symphony. Sat: Philippe Entremont conducts Netherlands Chamber Orchestra in works by Oosterveld, Mozart and Bartok. Sun: Carlos Kalmar conducts Stuttgart Philharmonic Orchestra in Smetana and Dvorak, with violin soloist Emmy Verhey (24-hour information service 020-675 4411 ticket reservations 020-671 8345)

## ANTWERP

**de Vlaamse Opera** Fri, Sun and next Wed: Silvio Varviso conducts Hans Neugebauer's production of Lohengrin, with cast led by Gösta Winbergh, Andrea Trauboth, Oskar Hillebrandt and Ruthild Engert (03-233 6685)

## BRUSSELS

**Monnaie** The next production is Peter Grimes, opening on April 19 in a staging by Willy Decker conducted by Antonio Pappano, with a cast headed by William Cochran. Repeated April 22, 24, 27, 30, May 3, 5, 8 and 10 (02-218 1211)

## CHICAGO

**CHICAGO SYMPHONY**
Michael Tilson Thomas conducts this week's concerts. Tonight's programme consists of music by J.C. Bach, Steve Reich and Mahler. On Thurs, Fri and Sat, there are performances of Bernstein's Chichester Psalms and Tchaikovsky's Sixth Symphony (312-435 6666)

**THEATRE**
● The Master and Margarita: this stage adaptation of Bulgakov's novel is a collaboration between Steppenwolf Theatre Company and Lookingglass Theatre, one of Chicago's best small ensembles. Till April 23 (Steppenwolf Studio 312-335 1650)
● The Night of the Iguana: Robert Falls directs Tennessee Williams' late play, with William Peterson as the debased minister drawn to a New England spinster, played by Cherry Jones. Final week (Goodman 312-443 3800)
● Ties That Bind: two one-act plays by award-winning actress Regina Taylor. Opens on Fri (Goodman Studio 312-443 3800)
● Joseph and the Amazing Technicolour Dreamcoat: Andrew Lloyd Webber's musical is directed by Stephen Pimlott and stars former teen heartthrob Donny Osmond as the Bible's flashiest dresser (Chicago 312-902 1500)

## GENEVA

**Grand Théâtre** Sat: John Nelson conducts first of six concert performances of Berlioz's Béatrice et Bénédict, with cast led by Liliane Bizinèche, Alison Hagley and Kurt Streit (022-311 2311)

## THE HAGUE

**Dr Anton Philipszaal** Tomorrow: Carlos Kalmar conducts Stuttgart Philharmonic Orchestra in Dvorak's Violin Concerto (Emmy Verhey) and Seventh Symphony. Fri: piano recital by Martha Argerich and Alexander Rabinovich. Sat: Mark Stephenson conducts Hague Philharmonic Orchestra in works by Bartok, Martinu and Frank Martin. Mon: Philippe Entremont conducts Netherlands Chamber Orchestra in Oosterveld, Mozart and Bartok (070-360 9810)

## UTRECHT

**Vredenburg** Jazz festival: over the next five days, the line-up includes Charlie Haden's Quartet West, John Abercrombie Trio, Gonzalo Rubalcaba Cuban Group and Denise Jannah Quintet. Other events include a Radio Symphony Orchestra performance of the Berlioz Te Deum on Sun afternoon conducted by Jansug Kakhidze, the Elgar Cello Concerto played by Alexander Baillie on Sun evening and the Kronos Quartet next Mon (030-314544)

## VIENNA

**MUSIC**
**Staatsoper** Tonight: Der fliegende Holländer. Tomorrow: Tosca. Thurs: ballet mixed bill. Fri: Ariadne auf naxos. Sat: Entführung. Sun: Parsifal. Mon: Kenneth MacMillan's ballet Manon (51444 2955)
**Konzerthaus** The Spring Festival opens tomorrow and runs till May 8, with a focus on music from the Czech Republic. Tomorrow: Prague Chamber Choir in works by Eben, Janacek and Dvorak, with soloists including Livia Aghova and Peter Mikulas. Thurs: Philip Langridge and Margareta Hintermeier in programme of Czech song. Fri, Sat: Charles Dutoit conducts Montreal Symphony Orchestra in two programmes including works by Stravinsky, Saint-Saens, Bizet, Debussy and Roussel, with cello soloist Heinrich Schiff. Sun: Hanna Hegerova and Robert Baclar in Czech and Jewish songs. Mon: Anatol Ugorski piano recital (712 1211)
**Musikverein** Thurs: Bruno Leonardo Gelber piano recital. Fri, Sat, Sun: Trevor Pinnock conducts Vienna Symphony Orchestra in Beethoven Mozart and Dvorak, with violin soloist Thomas Zehetmair. Sat afternoon, Sun morning: Christoph von Dohnanyi conducts Vienna Philharmonic Orchestra in Hartmann, Prokofiev and Tchaikovsky, with violin soloist Florian Croitoru. Sat (Brahms Saal): Natalia Gutman cello recital. Sun afternoon, Mon evening: Wolf Dieter Hauschild conducts Tonkünstler Orchestra in Bartok and Sibelius, with piano soloist Barry Douglas. Next Tues: Sergiu Celibidache conducts Munich Philharmonic. Next Tues and Thurs (Brahms Saal): Peter Schreier song recital. April 19, 24: Christa Ludwig farewell recitals (505 8190)

**THEATRE**
A new production of Grillparzer's dramatic poem Das Goldene Vlies opens on Sun at Burgtheater, directed by Hans Neuenfels (51444 2959). Repertory at Akademietheater includes David Mamet's Oleanna (51444 2959). Theater in der Josefstadt has a new production of John Osborne's The Entertainer (402 5127). A new production of Alan Ayckbourn's Relatively Speaking opens at Vienna's English Theatre next Mon (Josefsgasse 12, 402 1260). Raimund Theater has a German-language version of the Kander and Ebb musical Kiss of the Spider Woman (Wien-Ticket 58885)

## WASHINGTON

**MUSIC/DANCE**
● Roger Norrington conducts National Symphony Orchestra in a Brahms programme tonight at Kennedy Center Concert Hall. Thurs, Fri, Sat: Mstislav Rostropovich conducts works by Musorgsky and Shostakovich, with piano soloist Emile Naoumoff (202-467 4600)
● Britain's Royal Ballet presents three programmes at Kennedy Center Opera House over the next two weeks, starting tomorrow with Anthony Dowell's production of Sleeping Beauty. Repertoire also includes Kenneth MacMillan's Mayerling and Ashton's The Dream (202-467 4600)

**THEATRE**
● The Doctor's Dilemma: G.B. Shaw's satire on the medical profession. Michael Kahn directs a Shakespeare Theater production, opening tonight (202-393 2700)
● The Revengers Comedies: Douglas Wager directs Alan Ayckbourn's two-part suspense farce at Arena Stage in the Fichandler. Till June 12 (202-488 3300)
● The Sisters Rosensweig: Wendy Wasserstein's sophisticated and witty play about the reunion in London of three American Jewish sisters. Till Sun at Eisenhower Theater (202-467 4600)
● Abundance: Beth Henly's comedy about two mail-order brides in the Wild West. Till April 23 at Signature Theater (703-820 9771)
● Forever Ivor: a romantic musical journey back to the early 20th century, written by Nick Olcott and directed by John MacDonald for Interact Theater Company. Opens tonight (202-529 2084)

## ZURICH

**Opernhaus** Tomorrow, Sat: Ariadne auf Naxos with Edita Gruberova as Zerbinetta. Thurs: Tosca with Mara Zampieri, Neil Shicoff and Silvano Carroli. Fri, Sun: Rafael Frühbeck de Burgos conducts Ruth Berghaus' new production of Otello, with cast headed by Frederic Kalt and Daniela Dessi (01-262 0909)
**Tonhalle** Thurs: Kronos Quartet plays music by Gorecki, Henry Cowell and others. Sun morning: members of Tonhalle Orchestra play concertos by Vivaldi (01-261 1600)

**ARTS GUIDE**
**Monday:** Berlin, New York and Paris.
**Tuesday:** Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
**Wednesday:** France, Germany, Scandinavia.
**Thursday:** Italy, Spain, Athens, London, Prague.
**Friday:** Exhibitions Guide.

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**MONDAY**
**NBC/Super Channel:** FT Reports 1230.

**TUESDAY**
**Euronews:** FT Reports 0745, 1315, 1545, 1815, 2345

**WEDNESDAY**
**NBC/Super Channel:** FT Reports 1230

**FRIDAY**
**NBC/Super Channel:** FT Reports 1230
**Sky News:** FT Reports 0230, 2030

**SUNDAY**
**NBC/Super Channel:** FT Reports 2230
**Sky News:** FT Reports 0430, 1730;

# What was right with the 1980s

**MICHAEL PROWSE on AMERICA**

One of the ironies of contemporary politics is that British Conservatives are almost as eager to denigrate the 1980s as US Democrats. According to revisionists, Lady Thatcher's principal mistake was to promote an "obsessive individualism" that owed more to the modern American libertarian tradition than to conventional Tory values.

In his pamphlet *Right Ahead*, Mr David Hunt, the UK employment secretary, worries that young people are becoming "atomised" - anti-social and isolated from society. He reminds us that Tories have traditionally regarded human beings as social beings: "ours is a communitarian philosophy". Wrinkling his nose at such dated concepts as the "laisser faire economy", he urges a return to - wait for it - "One Nation Toryism".

Mr Stephen Dorrell, financial secretary to the Treasury, is equally futuristic. In his recent speech "What is a Conservative?" he argues that the touchstone of Toryism is "respect for inherited institutions and traditions" and quotes approvingly from Edmund Burke's tirade against "solitary, unconnected, individual, selfish Liberty". Far from seeking an atomised, "minimalist state", he believes Tories should be proclaiming their faith in government action.

The political pressure for more "caring" policies is considerable. Archbishop George Carey's protest about widening social divisions in his Easter message was typical of countless onslaughts from opposition leaders and other opinion formers. By elevating commercial profit to God-like status and by destroying the morale of groups such as teachers, the argument runs, Thatcherism undermined civic and moral values. From these poisonous seeds a bitter harvest of crime, cynicism and inequality is now being reaped.

*The populist power of such* arguments is undeniable. Yet from a US perspective the Thatcher government did little *that was either radical or liable* to undermine moral or civic values. There was, for example, nothing immoral in reducing top tax rates from a ridiculous 98 per cent to a still-high 40 per cent. Leftwingers who inveigh against these tax cuts are at liberty to give 98 per cent of their incomes to charity. Those who decline to give voluntarily do not become moral paragons by demanding higher rates of compulsory taxation - usually on others.

The heinous "cuts" in public expenditure are an equally blind alley because spending never was cut in real terms. Even as a share of gross domestic product, public spending only fell slightly - from 40.9 per cent in 1979 to 37.6 per cent in 1989, and that mainly reflected soaring economic growth in the late 1980s. The public sector's share of GDP has since risen by about five percentage points. But suppose public spending really had been cut? Why should a shift of resources into the private and voluntary sectors be regarded as unethical?

The rest of the agenda is as easily defended. It was not sinful to remove from trade unions legal privileges that no other groups have ever possessed. It was not wrong to privatise businesses, most of which should never have been in the public sector. It was not immoral to liberalise prices, wages, dividends and exchange rates - this was simple economic common sense. Nor was it unethical to introduce a hint of competition in the delivery (but not financing) of public services such as education and healthcare.

Looking back, Thatcherism *was no more* than a mild - and beneficial - reaction to what had become an excessively powerful and intrusive state. *The shift towards greater* personal choice and responsibility ought to have won praise from clergy and other arbiters of the nation's morals, even if it did result in slightly greater inequality. So why are "moderate" Tories now so anxious to rethink Conservative doctrines? Why are the policies of the 1980s so often regarded as uncaring or extreme?

I think the answer lies partly in continuing ignorance of the philosophy - classical liberalism - that underlay the positive aspects of Thatcherism. Messrs Hunt and Dorrell worry about the "atomisation" of society. Well, the fact is we are atomised. Evolution might have created a vast jelly-like creature with numerous centres of consciousness. But it did not: we have separate minds and bodies. If somebody clobbers Mr Hunt, I feel no pain. If Mr Dorrell loses money on the stock exchange, my bank balance does not suffer. The public policy shifts of the 1980s were merely a recognition of our status as distinct individuals with varying abilities, experiences and desires.

Classical liberalism's guiding principle is that individuals know best what is in their own interest. It thus advocates freedom in all spheres of life. What critics construe as crass commercialism is simply a demand that people enjoy economic freedoms comparable with the political and personal freedoms so vigorously championed by leftwingers. Classical liberals regard private enterprise as generally superior to the public sector because the pattern of activity is determined by voluntary exchanges between individuals. Public services are allocated by bureaucrats and made possible only by coercion - the forcible extraction of taxes.

Yet to favour free exchange is not to put any special value on profits: a society of classical liberals could well opt to work only a few hours a day, devoting the rest of its time to meditation and gardening.

The Tory critics of market liberalism have nothing to put in its place. Fearful of change, they want to freeze social and economic development. Yet had Thatcherism never existed, they would now be defending a far more collectivist status quo. With such passive thinking in the ascendancy, *nobody should be* surprised by the Major government's lack of momentum.

# A bid to push the world to rights

**David Goodhart** on the campaign to include worker protection in international trade pacts

Last May 209 workers, mainly young women, were killed in a Bangkok toy factory fire. The casualties would have been far fewer if all but one of the exits had not been locked, and if the roof of the building had not collapsed a few minutes after the fire started.

The Thailand tragedy, the world's worst factory fire, became a cause célèbre for the small but effective lobby campaigning to make acceptance of basic civil and worker rights a condition of Gatt membership.

The idea of linking trade agreements with workers' rights - and so preventing developing countries in particular from winning an unfair trading advantage - is not new. Keynes made similar suggestions in the 1930s.

*But the confluence of growing* economic interdependence through trade, persistently high unemployment in the developed world, and the end of the Cold War (the communists did not like worker rights) has given the campaign new impetus.

The lobbying threatens to take some of the fizz out of celebrations at Marrakesh next week when ministers from 120 countries gather to sign the Gatt Uruguay Round agreements. Both the US and France say that without some commitment at Marrakesh to discuss workers' rights they will block the setting up of a committee to manage the transition next year from the Gatt to its successor body the World Trade Organisation (WTO). They have support from elsewhere in the European Union, from Canada and from Australia.

Such threats are unlikely to undermine the new world trade order in themselves; but according to some supporters of workers' rights such as the AFL-CIO, which represents US trade unions, no move at all on the issue could stir up the US Congress into refusing to ratify the Gatt deal.

The US, even under Republican administrations, has long felt aggrieved about what is sees as unfair competition based on a disregard for human rights. Under the present Democrat administration there is a particular interest: Mr Mickey Kantor, trade secretary, previously worked as a union lawyer for Californian farm-workers; President Clinton is a long-standing advocate of the worker-trade link.

*But the governments of* many developing countries are *adamant that making such* a link is at best misguided and at worst "rust-belt" protectionism, seeking to maintain the living standards of developed country workers. France is regared as very keen to protect its workers from competition.

Opponents argue that a worker-trade link would make it harder for poorer countries to exploit their main comparative advantage - cheap labour - and set back economic development. Mr B K Zutshi, India's Gatt ambassador, says the issue had "the destructive potential for undoing what we have built so assiduously in these seven years".

The arguments on both sides touch on sensitive issues, such as the invasion of national sovereignty and the causes of human suffering. They also lend themselves to misleading caricature: some supporters of workers' rights imply that their opponents would have resisted the abolition of slavery in the 19th century - a step which required protesters to interfere with the rights of nation states.

The issue has also created an unusual alliance between western free marketeers and third world governments who do not normally see eye to eye on development issues. But, on the opposing side, many western trade unionists question whether authoritarian governments in the developing world represent their populations.


On one level, the arguments seem to have got out of hand. The US government and the international trade union bodies say they only want to talk about the issue at this stage. Mr Mark Anderson, of the AFL-CIO, says: "I think people in the US will have difficulty understanding why there is so much resistance to just talking about the issue."

Mr Stephen Pursey of the International Confederation of Free Trade Unions (ICFTU), adds: "There is a lot of mud-slinging. A lot of people call us protectionist. Let's talk and see if we can find safeguards *which are not protectionist.*"

But opponents have a case *for fearing* that once the talking begins, action will not *be far behind. The ICFTU and* similar bodies already have blueprints for the sorts of mechanisms they would like imposed. They want a two-level approach: an outright ban on extreme abuses, such as slave labour, and a framework which allows workers to organise themselves on issues such as pay bargaining and basic health and safety.

"We don't want a minimum wage or anything like that, we just want to ensure some basic civil rights at work, and we want measures which are affordable by poor countries," says Mr Pursey. He accepts, for instance, that flexibility is required on child labour in countries which depend heavily on young workers, such as India and Brazil.

The mechanism he proposes *is to make membership of the* WTO dependent on ratifying seven conventions drawn up by the International Labour Organisation, the United Nations' body which tries to enforce minimum labour standards - two on forced labour, two on freedom of association, two on discrimination and one on child labour.

Sanctions should be imposed only rarely, says Mr Pursey. But unlike the ILO, which has no sanctions available to it, there would at least be the ultimate threat of action against offenders. Countries not properly implementing the conventions might be given two or three years to mend their ways by the WTO before penal tariffs were imposed on the relevant category of exports.

Critics believe such a system *would have no legitimacy* and argue that the *"take off"* stage of any country's industrialisation is unavoidably *tough.*

But the ICFTU replies that the "trickle-down" theory of trade policy - the idea that social conditions improve as trade expands - does not always work. It believes its *proposals* would help prevent a vicious circle of greater world *competitiveness* leading to more pressure to cut labour *costs*. It cites the example of Thailand which has health, *safety and* building legislation but does not always enforce *the protection* offered. If it had been policed in the case of the *Bangkok toy* factory, its owner Kader Industries, under pressure from western retailers to cut prices, may have moved to another country. Only international rules would prevent *such* a downward spiral of competition, says Mr Pursey.

Trying to broker a solution that might satisfy both sides is Sir Leon Brittan, the EU trade commissioner. He believes there is no reason in principle why trade should not be linked *to other* economic or social objectives, pointing out that trade agreements are already used to protect endangered *species*, to reduce the use of CFCs and to control trade in *hazardous* waste.

But to give the Gatt or its successor such a role in the case of workers' rights would be *entering* unfamiliar territory - its purpose since its formation has been to tear down barriers not erect them. Mr *Peter* Sutherland, Gatt's director general, says that introducing *the workers'* rights-trade link into the WTO framework, *which is meant* to be based on consensus, "would place the *system at immediate risk of* collapse".

*But the world trade order* is moving into a new phase with *the formation of the more* political WTO. Already agreement has been reached on setting up a working party to debate how *environmental* protection measures could be included in future trade pacts.

That working party was set up because there was a consensus in favour. Supporters of workers' rights want a similar working party, but are a long way off from winning such support. Suspicions will continue to linger in the developing world that there is more self-interest than idealism behind the link being made between trade and workers' rights, especially in the US and France. Nonetheless, the issue will not easily be set aside.



# LETTERS TO THE EDITOR


Number One Southwark Bridge, London SE1 9HL
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## Kazakhstan: no shortage of refineries

*From Mr Ralph H Pickering.*

Sir, Chrystia Freeland's interview with President Nazarbayev of Kazakhstan gave an interesting and generally enlightening overview of that country's present situation (FT Interview: "Prospects in the pipeline", March 25).

However, it did contain a serious error when it stated that Kazakhstan has no oil refineries. Kazakhstan has in fact three refineries in operation at Chimkent, Aktyrau (formerly Guryev) and Pavlodar, with a total crude capacity of 21m tons a year. This capacity compares favourably with Kazakhstan's current domestic crude production of about 27m tons a year.

Kazakhstan's problems with refined product supplies lie not so much with a lack of refining capacity but, first, with the location of its refineries with respect both to crude sources and to the internal market and, second, with the reduction of pipeline deliveries of crude from Russian fields in western Siberia to the two largest Kazakh refineries. Curtailment of Russian crude supplies is due to payment problems and the overall drop in west Siberian crude production.

Ralph H Pickering,
*Ralph H Pickering & Associates,*
*Hydrocarbon Industries Consultants,*
*1 Giles Travers Close,*
*Thorpe,*
*Egham,*
*Surrey TW20 8UQ*

## Ventures put Tecs to the test

*From Mr Stephen Cowell.*

Sir, Lisa Wood's article, "Jobless with special needs 'face funding-cut threat'" (March 31), regarding training for those with special needs, misses a crucial point which is invariably ignored in discussion concerning the financing of Training and Enterprise Councils and the surpluses that Tecs make.

*The essential point is that* Tecs are private companies and have substantial business interests outside of their contracts with government. It is likely that Northumberland Tec will, next year, generate a turnover of more than £3m from contracts and business ventures which are outside of the government Tec contract. These ventures bring jobs and investments to the county. It is simply naive to criticise Tecs for maintaining staffing levels while payments to providers are cut, if those staff are actually engaged in activities quite separate from their contractual obligations to government.

*The true* test of whether Tecs are providing services which are of value is when they have customers who are willing to pay for those services. Only when Tecs have a significant proportion of their total income coming from outside of the government contract will they have the independence to engage in long-term planning and to deal with their fundamental remit - to promote the regeneration of their local economies.

Stephen Cowell,
*chief executive,*
*Northumberland Training and Enterprise Council,*
*2 Craster Court,*
*Manor Walks, Cramlington,*
*Northumberland NE23 6XX*

## Steering committee averted rule changes

*From Mr Eric Chalker.*

Sir, The successful efforts to prevent damaging rule changes at the Conservative central council meeting in Plymouth were led not by the Charter Movement, as you reported ("Charter Movement defeats three voting motions", March 26), but by the Party Reform Steering Committee. This committee represents nearly 60 constituency associations, whose interests were directly threatened by the two rules which failed to receive sufficient support.

The requisition of a special central council meeting in 1992, to which the article also referred, was made by 50 of those associations and co-ordinated by this committee, not by the Charter Movement as you stated.

It is not, and never has been, our aim to give anyone a "bloody nose". We merely seek to institute democratic accountability for the running of Conservative Central Office, a reform from which the whole party will benefit.

Eric Chalker,
*secretary to the committee,*
*Party Reform Steering Committee,*
*21 Ingleside Close,*
*Beckenham, Kent BR3 1QU*

## Buthelezi and the playing of an ethnic card

*From Mr Chris Jones.*

Sir, Your March 30 editorial, "The Zulu factor", correctly states: "Chief Buthelezi has decided to play the ethnic card, and it is a dangerous one." But did he decide, or was the decision made for him?

For decades Buthelezi has consistently supported non-racial democracy, although his political beginnings, like those of Nelson Mandela, were in pan-Africanism. He entered negotiations advocating non-racial federalism. The Freedom Alliance, when it emerged, was a pioneering attempt at multi-racialism of the right.

Surely the most chilling moment in negotiations came when the ANC, determined to break the Freedom Alliance, began to hint at an Afrikaaner homeland or special status for the Zulu king. The ANC, for short-term political gain, began to use the very weapon of ethnic divide-and-rule it has fought against for 80 years.

Chris Jones,
*20 Antonine Gate,*
*St Albans, Herts*

## US seeks a balance with proposed export licensing legislation

*From Ms Martha C Harris.*

Sir, Your February 24 article, "Radical reform of US export licensing proposed", discusses the US administration's proposal for a new Export Administration Act. For the first time in more than a decade, the executive branch has put forward draft legislation that balances national security, foreign policy and economic concerns.

Regarding several points the article raises, Cocom will not "be replaced by the expansion of multilateral groups". Our goal to expand membership of existing multilateral non-proliferation regimes is different from what we seek in discussions with Cocom partners to establish a new arrangement to control sensitive dual-use items and conventional weapons to regions and countries of concern.

Rather than a "shift" decisively in favour of business we believe our bill strikes an appropriate balance between national security and economic competitiveness. Economic impact on US companies, while considered in our proposed control review process, does not mandate any automatic de-control. We are committed to using unilateral controls only when absolutely necessary.

Our proposed revised dispute resolution system maintains the roles of the national security agencies in licensing reviews, while continuing the commerce department chairmanship. Several new features, including strict time-lines, improve the process and the accountability of all involved.

Your article also states that "the number of products for which licenses are needed will be vastly reduced and the licensing process will be simplified". Our bill would simplify the process, but it would not automatically de-control any exports. The number of products (notably computers and telecommunications) for which licenses are required has been reduced in recent months by separate action.

Finally, Iran and Iraq will not "be allowed to buy more sophisticated digital computers". These countries will remain under broad trade restrictions because of their unacceptable policies.

Martha C Harris,
*deputy assistant secretary,*
*Bureau of Political-Military Affairs,*
*US Department of State,*
*Washington DC 20520, US*

**FINANCIAL TIMES**

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday April 5 1994

# The dollar dilemma

The gyrations of the dollar since the news of strong American jobs data on Friday still leaves the US currency well below the levels predicted by mainstream forecasters at the start of the year. What is the explanation for the dollar's continuing weakness against the D-Mark and the yen in the aftermath of successive increases in the US federal funds rate?

With the Fed tightening policy, it was widely assumed that the dollar could only rise, with short-term rates still falling in Europe and possibly also in Japan. Instead, the dollar has weakened, and often on the basis of perverse arguments. The yen, to take the obvious case, has risen against the dollar on trade war rhetoric. Yet a *trade war should have precisely* the opposite effect: protectionism in the US would lead to the sale of fewer dollars because of an enforced fall in Japanese exports.

Short-term technical factors no doubt provide part of the explanation for the US currency's weakness. Many hedge fund operators had been overweight in dollars before the Fed's first rate increase on February 4, so there was bound *to be a backwash as leveraged* speculative positions were unwound. Yet there are also important fundamental factors at work. The more interesting of them relate to the pattern of long-term portfolio flows.

A notable change over the past 18 months has been the recognition by US pension funds of the portfolio theorists' case for international diversification. From holding less than 5 per cent of their assets overseas they have increased their average holdings to about 8 per cent and will probably reach double figures by the end of 1994. Mutual funds, which have seen huge inflows of money *as depositors have deserted the* banking system for higher returns in the capital markets, have been diversifying in similar fashion.

## Portfolio exodus

While hedge funds have been responsible for significant capital *outflows, these two conventional* groups of investors have been the more significant impetus behind last year's portfolio exodus from the US of more than $120bn. When that long-term capital outflow of $120bn is added to the current account deficit of $120bn to produce a figure that used to be known as the basic balance, there are potentially stressful implications for global markets.

The Japanese current account – and thus the Japanese supply of *savings to world markets* – is no longer rising. Within the capital account of the Japanese balance of payments the long-term outflow is modest by the standards of the 1980s. *European countries are not,* in aggregate, diversifying on anything resembling the scale of the US. So the US is going through a huge one-off portfolio adjustment at a time when there is no comparable balancing flow of stable long-term funds back into the US. It follows that the financing of the US balance of payments is unduly dependent on short-term inflows and foreign central bank purchases of dollars.

## Overvalued yen

Since the Japanese authorities *are anxious to prevent an overvalued* yen throttling their exporters, they are no doubt happy to oblige for the moment. But for all other holders of dollars the extent of the *long-term outflow means that* an increased risk premium is probably required to compensate for an excessive portfolio weighting towards the dollar. In Europe this point is reinforced by the growing evidence of economic recovery. An *upturn in Germany* would imply that the Bundesbank's scope for interest rate cuts may be less than earlier assumed.

Taken together with political worries arising from the Whitewater affair and concern over changes in the composition of the board of the US Federal Reserve, this could well imply continuing short-term vulnerability for the dollar. But before too long the portfolio pressures may ease. The markets have been pricing three-month money in 12 months time at about 5¾ per cent, substantially above today's level. That, taken against the background of weak bond and equity markets, would *imply a considerable incentive for investors to retreat from mutual funds back into the banks.*

A flow of unhedged mutual fund capital would then be repatriated, *creating upward pressure on the* dollar. If at that point the US is still expanding more strongly than Europe and Japan, the dollar bulls may have their day.

# Not much of a ceasefire

The three-day ceasefire announced by the Irish Republican Army and due to start today is not a breakthrough for peace. The British prime minister was right to call it cynical. His Irish counterpart was correct to express dismay at the failure of the terrorists to lay down their arms once and for all.

Both Mr John Major and Mr Albert Reynolds have signed a document intimating that all is possible *after a genuine declaration* of a permanent ceasefire, and nothing before it. This should be definitive. It would be a mistake to heed the siren voice of Mr *Gerry Adams, the principal apologist* for the IRA, who promises, in a thousand different ways, that if only the British and Irish prime ministers would stand on their heads, a more prolonged cessation of violence might follow.

Just meet the IRA, or Sinn Fein, its political wing, says Mr Adams. Such contacts have taken place before, and they can begin again. If, absent a permanent ceasefire, negotiations are ruled out, then let the parties discuss clarification of the Downing Street declaration. If clarification is rejected as a euphemism for negotiation, let there be less *well-defined* conversations, perhaps between a representative of the British government and one from IRA/Sinn Fein, perhaps for an hour. If not an hour, perhaps for a shorter period.

It is easy to see what Sinn Fein is trying to do. The two governments must be shown to have succumbed to *the arguments* of the terrorist. They must blink first. The proposition that violence pays must lie on the negotiating table, to be used again if the negotiations are not going Sinn Fein's way. The republican case can thus be pressed to its unswerving conclusion, namely the unification of Ireland, with or *without the consent* of the electorate of its northern province, *this* being the very point on which no British government can or should budge.

## Saving face

There is another view. It assumes or at least *hopes that the* IRA is genuinely anxious to make peace and that *it* requires a meeting to save face. If so, there might be *a case* for considering Mr Adams' offers. Some respectable participants in Irish affairs argue thus. The 72-hour post-Easter peace represents an ideal opportunity to test Sinn Fein's intentions, proclaims Mr John Hume, leader of the Social Democratic and Labour party. *Mr Hume is widely* respected for his earnest efforts to bring the IRA and Sinn Fein into negotiations. Call the Adams bluff, he argues persuasively. If a lasting cessation of violence is not thus achieved, then he will ensure Sinn Fein's isolation from democratic politics. Cardinal Cahal Daly, the Catholic primate of all Ireland is another who believes that some within Sinn Fein genuinely desire to end the violence.

## Derisory offer

This argument, sadly, is not *supported by the facts*. As an earnest of peaceful intent, a three-day break from what its adherents call the armed struggle is, after 25 years of bloodshed, derisory. Had *the IRA called a six-month* truce, it would be more difficult to dismiss the case for starting low-level official talks on the modalities of negotiating a permanent peace. Mr Hume's *pleas are sounding* more desperate. Cardinal Daly acknowledged in his Easter message that most people are deeply disappointed that the ceasefire will last for such a short time. "The credibility of the Sinn Fein commitment to peace *is steadily* ebbing away," he said. The Irish government appears to concur.

The British government is in a more awkward position. The prime minister is under challenge within his own party. If he stands by the joint declaration and dismisses the arguments for talks with Sinn Fein *he will be accused* of trying to show his strength of *purpose* over Ulster this week, having failed to do so over the European community last week. This is a burden Mr Major must bear. He knows it would be wrong to succumb to Mr Adams' temptations. He must also be aware that to do so would be *taken* by his party as overwhelming evidence *of weakness under pressure.*

Meanwhile, if Mr Adams genuinely wants something significant to emerge from 72 murder-free hours, he should use the time to publish a clear *statement* of what his organisation means when it demands *clarification* of the Anglo-Irish declaration.

# Knocked about but unbowed

## Peter Norman says Israel's economy is healthy – yet growth depends on the peace process

Peace-making in the Middle East was always going to be a stop-go affair. So it is not surprising Israel's economy is being knocked about in its wake.

At the start of this year, economic liberalisation, a flood of well-educated immigrants from the former Soviet Union and rising hopes of peace were leading to fast economic growth, rapid technological advance, surging exports and an investment boom that saw the value *of securities quoted on the* Tel Aviv stock exchange rise from about $8bn to $50bn between 1989 and 1993.

A very different, and grimly *familiar*, picture of Israel has dominated the world's headlines since the end of February, when Mr Baruch Goldstein, a fanatical Jewish settler, massacred 29 Palestinians worshipping in a Hebron mosque.

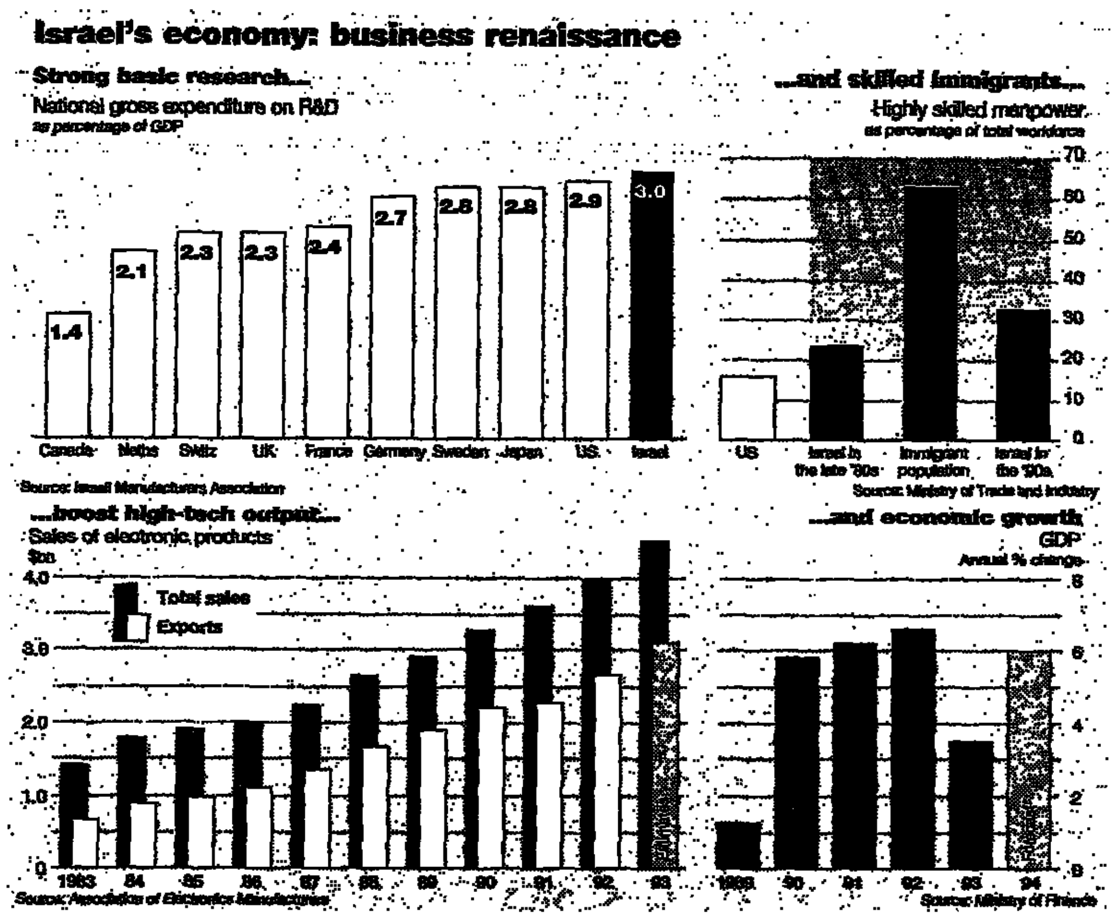
The Hebron killings and the authorities' heavy-handed treatment of the occupied territories jeopardised the peace process and did nothing for Israel's image abroad. At the same time, the investigation of alleged insider dealing and share price manipulation on the Tel Aviv stock exchange alarmed domestic investors and helped pushed the index of 100 leading shares down by nearly a quarter from its mid-January peak of 259.

In the space of three months, *the* mood swung from viewing Israel as possibly the world's next hot growth prospect to just another emerging market economy where *the speculative bubble had burst.* But though there are still many risks – not the least, the threat of extremists on either side again knocking the peace process off *course – the Israeli* economy has underlying strengths. Those could become more apparent if efforts towards an overall Middle East settlement, involving Syria, Lebanon and Jordan, as well as the Palestinians, are maintained.

Israel at the weekend began to withdraw and redeploy troops in the occupied territories in preparation for Palestinian self-rule and the arrival of the first contingent of *Palestinian policemen; it follows last* week's agreement between the Israeli government and the Palestine Liberation Organisation for international observers to be deployed in Hebron, allowing negotiations on Palestinian self-government *in Jericho and Gaza* to resume. Both sides appear anxious to make up for lost time.

The Israeli government is keen that progress on Palestinian *self-rule should be followed by* economic co-operation. The government's hope is that peace will enable Israel to use its rich human capital and scientific and financial expertise to play a bigger role in a world economy where growth is *increasingly knowledge-based.* The stock exchange has reacted positively to recent events, with the 100 share index closing yesterday at 210.2, nearly 6 per cent above last *month's* lows.

Confidence among businessmen and government officials is high that growth this year will rise to between 5 and 6 per cent, exceeding last year's 3.6 per cent. And unemployment is expected to decline further after an unexpected fall to 9 *per cent in the final quarter of last* year from 11.2 per cent in 1992.




There appears to be no let-up in the influx of foreign delegations and study missions to examine business opportunities. Even after the Hebron killings, long-term invest*ment funds continued to flow into* Israel. The Claridge investment group, in which the Canadian Bronfman family has a big stake, began putting together a $150m *fund for wealthy international* investors to put money into Israel shortly before the massacre. According to Mr Jonathan Kolber, Claridge president, the fund was oversubscribed last month.

The limited economic fall-out *from the Hebron killings indicates* investors' earlier enthusiasm for Israel has deeper roots than last year's handshake on the White House lawn between Mr Yitzhak *Rabin, the Israeli prime minister,* and Mr Yasser Arafat, the PLO leader. It testifies to an improvement in the economic fortunes of a country that, in the mid-1980s, was on the brink of hyper-inflation and notorious for over-regulation and *socialist policies.*

*A rigorous stabilisation* programme brought Israel's annual inflation rate down from 445 per cent in 1984 to less than 20 per cent two years later, preparing the ground for growth. Today Israel, with only 5.4m people, has a gross *domestic product of $65.5bn, dwarf*ing its neighbours. At about $12,500, GDP per head is far above the $1,000 per capita GDP in the occupied territories or Egypt's $600.

*To be sure,* inflation, at 11.2 per cent last year, was high by western standards. But the Bank of Israel appears on course to hit the government's 8 per cent target this year.

The government is cutting taxes for businesses and individuals. It is *committed to a programme of* privatisation, due to raise about $1.5bn this year on *top* of $1.3bn in 1993. Spending priorities have been shifted to encourage growth: the 1994 *budget envisages a 15 per cent* expansion in infrastructure spending and a 30 per cent rise in funding for education over 1½ years. Trade unions have lost a lot of power, although this year has seen damaging strikes at Bezeq, the national *telecommunications company. at Only 30* per cent of annual wage changes are now reached through collective bargaining, against 90 per cent 10 years ago.

Building on existing free trade agreements with the US and Europe, Israel is progressively *exposing its domestic economy to* competition from abroad.

At the same time, the state has developed a range of policies to promote research and development that *have helped Israel's spending* on R&D reach 3 per cent of GDP – more than the US, Japan and other leading industrial countries.

Israel tops the world league table for published research in the natural sciences and engineering, with *more than 60 papers per 10,000* members of the labour force, against 30 in the US. According to The Lancet, the UK medical journal, Israel produces proportionately *more medical research publications* than the US or UK. Immigration from Russia, which has boosted the population by 550,000 since 1989, has greatly strengthened Israel's pool of scientists and engineers.

That and Israel's heavy invest*ment in education recently* prompted Union Bank of Switzerland to predict Israel could become the third most competitive country in the world in the years ahead, after South Korea and China, and ahead of Japan. The combined effect of government policies, immigration and, now, hopes of peace has been an upsurge in entrepreneurship and the mobilisation of capital to finance new businesses.

This business renaissance partly explains why industrial exports rose by 18 per cent last year, in spite of recession elsewhere. The other central factor was the *improved international climate* engendered by the peace process: this helped Israel penetrate new markets in south-east Asia, China and former communist countries.

*But Israel still* has some way to go before it can rank among the world's blue-chip economies.

The stock market scandals have reinforced concerns among some foreign investors about a lack of transparency. Mr Alistair Stewart, general manager for Europe, the Middle East and Africa of General Electric, the US industrial giant, warns that Israel will have to improve its business integrity if it is *to be a "hub" economy for the Middle East.* Others say it still has the hallmarks of a "bubble economy" where company and stock market values are too high.

Many foreign investors, and some Israeli businessmen, say the government has been too slow to cut taxes and privatise. Others complain that Israel's currency, the shekel, is still not fully convertible.

*None of these problems is life* threatening. Indeed, in the days after Hebron, many Israeli businessmen argued their country could prosper even if the peace process ground to a halt. But there is recognition domestically that Israel will *find it impossible* to play a full role in the regional and world economies so long as there is no settlement with the Palestinians, or peace with Jordan, Syria and Lebanon. "We fought five times. The Arabs didn't win the wars. We didn't win the peace," says Mr Shimon Peres, the foreign minister.

In the drive for peace, economic and security factors are inextricably combined. Many Israelis hope that peace will offer a chance of drawing the fangs of Islamic fundamentalism through trade and investment, and by eventually closing the gap between Israel's prosperity and the low GDP per head of neighbouring Egypt, Jordan and Syria. Israel, Mr Peres argues, cannot stay prosperous in a sea of poverty – "otherwise waves of bitterness will lap over our small island".

It is a view shared by business *leaders, who say they are ready to* make sacrifices in the form of trade concessions to former enemies to achieve this goal.

"We want satisfied, well-fed *neighbours with higher living standards* and less violence," says Mr Dan Gillerman, chairman of the Federation of Israeli chambers of commerce. Mr Dan Propper, head of the Israeli manufacturers association, puts it more bluntly: "No one wants a new Iran next to us."

# Hotbed of high-tech

Migdal Ha'Emek, just off the main road from Nazareth to Haifa in northern Israel, is typical of many towns that have grown up over the past 25 years: a spider's web of unmemorable housing sandwiched between two industrial parks.

*Dull though it seems, Migdal* Ha'Emek turns out to be a hotbed of technological innovation and entrepreneurship. Encouraged by government incentives in what is a *development zone, a clutch of* small, fast-growing companies is developing new products in a bewildering array of technologies.

Some, such as RSL Electronics and CI Systems, *started as suppli*ers to the Israeli military sector, while Optomic, another local company, was formed in the mid-1980s by ex-military officers and defence industry executives, who felt that the defence boom was ending. Their new products typically draw on know-how gained in defence contracting but, according to Mr Oched Amichai, Optomic's chief executive, they are developed in response to market needs.

Hence Optomic is completing *development of an industrial laser* which, it claims, is a quarter the size of competitive products. CI Systems has developed a spectral imaging device for remote sensing, which it says will harness space technology for use in cell biology, medicine and pollution monitoring. RSL, whose staple business is still defence and includes night vision systems for the Israeli Defence Forces and an advanced brake control system for F16 combat aircraft, is developing an electronic diamond colour grading instrument and a semen quality analyser.

Other companies, notably LanOptics in Migdal Ha'Emek and Gambit Computer Communications in *nearby Yokneam, are seeking to* exploit niche markets in computer communications. Both supply corporate networking equipment enabling computers in large organi*sations to communicate with each* other.

The Migdal Ha'Emek high-tech companies are typical of many up and down Israel. They were founded, or started to develop rapidly, in the mid to late 1980s, have annual sales of $10m to $14m, employ about 85 people, spend up to 25 per cent of revenues on R&D and cultivate close ties with the scientific and technical academic communities in the US and Israel.

All the companies are putting *more effort into marketing (traditionally* a weak spot in Israel's corporate culture) and exporting: for instance, Gambit's marketing director, Mr Dave Green, spent 145 *days outside Israel last year.*

Until recently, the companies had little difficulty raising capital through private placements, venture capital funds, or via the Tel Aviv stock exchange or the Nasdaq over-the-counter market in New York. *But some analysts wonder* whether the future will be so golden. Some high-tech high-flyers – such as LanOptics and Yokneam-based Intelligent Information Systems, another data communications and network equipment company – have seen their share prices plummet recently after they disappointed investors' expectations.

But such doubts are not articulated in Migdal Ha'Emek, where *the town's entrepreneurs,* such as Mr Bob Buckwald, the president of CI Systems, aim high. His company has annual sales of just $9m, but he forecasts a $400m market for *its spectroscopic* diagnostic equipment.

**Peter Norman**

# *OBSERVER*

## Sir Leon's odd ally

■ Padraig Flynn is the craftiest European Commissioner of them all. At least that is what some are saying in Brussels after his unexpected move to support Sir Leon's Brittan's campaign to become the next president of the European Commission.

*Flynn has apparently calculated* that it is a no-lose strategy to back Sir Leon's unlikely bid to succeed Jacques Delors: Success would mean a plum job in the new commission and failure might still lead to a good turn from Sir Leon.

A third *option looks even better.* Flynn shares Sir Leon's view that victory depends on halting the bandwagon behind Ruud Lubbers, the Dutch prime minister who remains the race favourite. But a stalemate would not necessarily tip the scales towards Sir *Leon,* whose chief weakness is his passport; *more likely,* EU heads of government would still be looking for a Lubbers-like conservative, if possible from a small state. And who better than... Padraig Flynn?

## Irish speculation

■ Meanwhile, the race is on, but no bets are being placed, for the replacement of another independent-minded Irishman, Maurice Doyle, who steps down as the governor of Ireland's central bank at the end of this month.

Traditionally, the job tends to go to a senior civil servant from the Department of Finance. The obvious choice would be Sean Cromien, the first secretary, but he turns 65 this year and the word is that he wishes to dedicate his coming years to writing and wildlife pursuits. So the running looks like being taken up by the three second secretaries: namely Maurice O'Connell, 57, who heads the finance division; Paddy Mullarkey, 54, who heads the budget and economic division; and Bob Curran who runs the public expenditure division and is also in his 50s.

Outsiders include Kieran Kennedy, the director of Dublin's Economic and Social Research Institute, Michael Somers of the National Treasury Management Agency, and Gerry Scanlan, the recently retired chief executive *of Allied Irish Banks.* The smart money is on O'Connell but Paddy Power's – Ireland's largest bookmakers – is not taking bets. "We think the decision has already been made and insiders could catch us out", say the bookies.

## Walk-on part

■ By contrast, the fevered speculation about John Major's future has not discouraged the equally hefty book at Westminster on who will get what in the summer cabinet reshuffle. The presumption *is that Major will have one more* stab at stamping his authority on the government before bowing to his critics.


'I can just see John Major in ermine'

John Patten, 48, the ill-fated education secretary, is odds-on favourite along with attorney-general Nicholas Lyell, 55, to be given the opportunity to *spend more time with his family.* They might well be joined – voluntarily – by John MacGregor, 57, and Peter Brooke, 60. Douglas Hurd, 64, has decided not to desert the sinking ship. Despite the ambitions of Virginia Bottomley, 46, David Hunt, 51, remains favourite for the party chairmanship.

But for those seeking an interesting long-shot, Observer hears that Major may seek to coax Peter *(now Lord)* Walker, 62, back into the political fray. Friends of Major say Walker's formidable political talents would make him an ideal chairman.

*Of course the Tory right would* be infuriated but Major has lost them anyway.

## Body count

■ *Political violence takes a terrible* toll of South Africa's townships, but the country's roads are even more perilous. Over 9,500 people died in traffic accidents last year, nearly half of them pedestrians. That's as many as have been killed in Natal over a decade of political violence. Latest Easter weekend *count: cars: 147; politics: 50.*

## Banana bash-up

■ Farce, rather than tragedy, from distant Athens. Ursula Barrow, Belize's High Commissioner in London, was supposed to be there *last week as an observer to the* "San Jose ministerial", an annual binge where ministers from the European Union and Central America talk about peace and stability.

Her presence less than delighted *Guatemala's foreign minister,* Gladys Ruiz de Vielman. Guatemala still nurtures yearnings for Belizean territory; Belize's privileged access to the EU banana market doesn't help much, either.

Greek European Affairs minister Theodoros Pangalos, their host, first denied he had invited Belize. Then he claimed the invitation had been withdrawn. The Greek *diplomat then tried to push her* out of the group photograph and hustle her out the meeting, while Britain's foreign office minister, David Heathcoat-Amory, tried to stop him.

Yet again Greek diplomacy *triumphed and Barrow left.* In another age, such an insult might have merited the dispatch of one of Her Majesty's gun boats.

## Landlord bitter

■ A tired commercial traveller *fed up with driving across the* North Yorkshire moors spots a sign outside a lonely pub advertising "a pie, a pint, and a friendly word for £1.80".

Not knowing when he is next going to get a meal, the traveller decides to rest a while and orders the special. The barman pulls a *pint, hands over the pie and then* goes straight back to doing his crossword. The traveller is a bit miffed at the lack of welcome and after several minutes' silence asks what happened to the promised friendly word.

"Don't eat the pie," mutters the barman.

FINANCIAL TIMES
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Teenage son at controls of crashed Airbus

# Russian civil aviation 'in chaos', pilots admit

By Leyla Boulton in Moscow

A Russian-leased Airbus crashed last month because the pilot handed the controls over to his teenage son, the head of the Russian pilots' union has confirmed.

Mr Alfred Malinovski, the union chief, said the A-310 crash, in which all 75 people on board were killed, was not only a "crime" but the tragic result of the chaos in civil aviation in the country since the state airline Aeroflot was broken up into 160 carriers.

Mr Malinovski said the youth appeared to have inadvertently switched off the autopilot. The mistake was not rectified quickly because the co-pilot was away from his seat.

He added: "The general reason [for the crash] is the system's loss of manageability. Civil aviation cannot be run like a kebab-shop."

The latest disaster is particularly unfortunate for Russian civil aviation because it happened to Russian International Airlines, which operates most international traffic with the west. Based at Russia's main Sheremetievo-2 international airport, it had leased five Airbuses and was thinking of leasing five more to make up for a shortage of Russian-produced aircraft to renew its fleet. The airliner crashed en route from Moscow to Hong Kong.

Mr Malinovski said that since the collapse of the Soviet Union, the once monolithic Aeroflot had been deregulated without any rules, and the civil aviation authorities' lack of staff and finance meant officials could no longer ensure proper maintenance and supervision of the airline industry.

He said the information obtained from the flight recorder, which had been decoded at Airbus headquarters in France, would be published when the Russian authorities completed their investigation.

Mr Malinovski revealed that human error and poor maintenance caused the death of 120 people on a flight to Moscow from the Siberian city of Irkutsk in January. The aircraft had been operated by Baikal Air, one of the Aeroflot offshoots.

He said the Tupolev-154 burst into flames after a pilot ignored a warning light which came on when he switched on the engines. Poor maintenance meant such lamps often came on when they were not supposed to.

Mr Malinovski said the investigation – the results of which have not yet been published – had shown that a scrap of metal had come loose in the engine and twisted up the turbines, causing engine failure and an explosion shortly after takeoff.

Mr Malinovski said the latest disaster would force authorities to look for ways of reimposing more effective controls over the industry "without returning to the old Communist system because we are now in a market economy".

# Revival in western German industries forecast

By Judy Dempsey in Berlin

Industrial production in west Germany will rise by 2 per cent this year as a result of rising foreign demand, according to the latest economic report from the Munich-based Ifo economic research institute.

The report, which supports a growing belief that the economy has seen the worst of the recession, points to a revival in the motor vehicle, electronics, engineering and chemical sectors, all of which are heavily dependent on the export market.

Economists suggest that a year of cost-cutting measures and wage restraint have helped to make west German industrial products more competitive in export markets.

Ifo said new orders were up 2 per cent from November 1993 to January this year, compared with the first quarter of 1993. Foreign orders rose 7.5 per cent over the same period.

The institute expects the growth in foreign demand to prompt a 5 per cent increase in car production this year, following a 20 per cent fall in 1993. It also forecasts growth in the electronics sector of 2 to 3 per cent, compared with a fall of 6.5 per cent last year; and 3 per cent growth in the chemical sector, after a 2 per cent decline last year.

However, recovery in the engineering sector will remain sluggish, with 1 per cent growth in production forecast from a low base. Engineering output fell by 12 per cent in 1993.

Economists emphasise, however, that the rate of recovery will depend on the speed in which other European Union countries emerge from the recession, as well as continuing efforts by industry to reduce the unit costs of labour.

DIW, the Berlin-based Institute for Economic Research, has even forecast an 0.5 per cent contraction this year, contrary to the government's expectations of growth of between 1 per cent and 1.5 per cent.

THE LEX COLUMN

# Regulating the flow

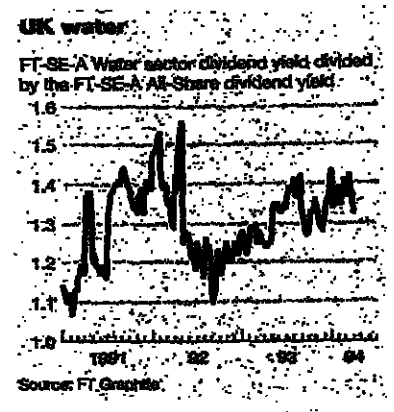
Signs of unease among City institutions must increase the chances that at least one of the UK water companies will appeal to the Monopolies and Mergers Commission this summer. The regulator will not want to provoke a wholesale revolt. But Ofwat might reason that an appeal or two might be an acceptable price to pay for keeping water bills as low as possible. Since both the Prudential and BZW Investment Management have questioned Ofwat's methodology, the companies must also take encouragement that the regulator's intellectual case is far from watertight.

Yet deciding under what circumstances a company should appeal is far from easy. A price limit which looked likely to drive interest cover down close to two times would certainly qualify, on the grounds that the company would be unable to borrow enough to finance capital investment. But the pain threshold for equity investors would be reached some way above. If the banks were uncertain about interest cover, there would be little left over for dividend growth.

The issue turns on what level of dividend growth is acceptable. On Ofwat's view that water is a relatively low-risk business, dividend growth below the market average would be acceptable. Yet that view is difficult to square with the regulatory uncertainties and risks inherent in such large capital spending programmes. On that basis, real dividend growth of 3 or 4 per cent – around the long-term equity market average – might be the minimum that companies and their shareholders will be inclined to accept.

UK water

FT-SE-A Water sector dividend yield divided by the FT-SE-A All-Share dividend yield




Source: FT Graphite

## France

The French government's privatisation programme must be beginning to cause a few concerns. The 8 per cent fall in the CAC-40 this year is unnerving and some recent privatisation issues, such as Elf Aquitaine, are trading below their offer price. Friday's postponement of the sale of the recession-damaged Banque Hervet will hardly have helped sentiment either. The government's immediate worry must be whether to press ahead with the sale of more shares in the insurance group, UAP. Financial stocks have been out of favour across Europe this year. UAP has fallen 21 per cent.

But the French government can ill-afford to cancel the UAP issue, given the need to recycle the proceeds into recapitalising the corporate wounded, such as Crédit Lyonnais and Air France. Besides, the government will be desperate to avoid any further blows to its credibility by reversing its privatisation policy. That suggests the state will sell its holding this summer, but at a less ambitious price than might once have been anticipated.

The government's discomfiture may prove the investor's opportunity. Like most other stock markets, the Paris bourse has lost ground as the US Fed has started making cash look attractive again. The liquidity tide which sustained French shares last year has now lost its force. There is bound to be a hiatus as the market waits for the corporate earnings momentum to take up the slack. But the prospects for corporate earnings look good as the economy recovers. The French penchant for provisioning in recession should also give that upturn added edge.

## Currencies

It has become fashionable to knock sterling. Since its peak of DM2.62 in mid-January, it has fallen 5 per cent against the D-mark. Mr John Major's position has become more precarious, creating uncertainty about policy. The current account deficit is growing, while this month's tax increases may slow the recovery, adding to pressure for an interest rate cut. On that basis, there is no particular reason why sterling's fall should stop here. Look at its relationship with the dollar, though, and the picture appears different.

Sterling is still well inside the range of \$1.46 to \$1.51 in which it has traded since last October. Moreover, it has fallen only 3 per cent on a trade-weighted basis since the start of the year, although its decline did accelerate over the past week. While some of the fall against the D-mark is clearly due to Britain's eye-catching political troubles, some has other causes. As so often in the past, sterling has been caught up in tension surrounding the dollar, which has weakened partly in the wake of US-Japanese trade tensions and partly out of disappointment with the slow pace of German interest rate cuts.

With next month's local and European elections looming, sterling will remain vulnerable. If the economy continues to recover despite the tax increases, though, there is a chance that, having moved down with the dollar, it might share in any recovery of the US currency. Gilts would then look doubly attractive at a yield premium of over 130 basis points to German bunds.

## Mobile phones

April will be Orange. The quirkily-named mobile phone service from Hutchison Telecom will be launched this month, and it poses a strong competitive threat to Mercury's One-2-One network. The latter has set itself up as a cheap mass market phone in the south-east, but Orange may be similarly priced and offer much wider coverage. A national system would also challenge the more expensive mobile operators Cellnet and Vodafone.

Much depends on Orange being able to deliver on its claims of wide coverage, high quality and enough capacity on the system to meet demands. Assuming that it can, however, the existing three networks will have to respond. Mercury has a strong brand name, but limiting its initial investment to London now looks too timid. Even though One-2-One is not now constrained on capital expenditure, it will not reach Orange's opening coverage for at least 18 months. If the two services are similar in other respects, Mercury will be at a significant disadvantage in attracting consumers.

Vodafone and Cellnet will also have difficulty defending their current prices on the basis of national coverage. The slimming of mobile's fat margins will accelerate. But the established operators want to make hay while the sun shines, so tariff cuts will be as slow as possible. The rise in connections may also help. Vodafone and Cellnet's cheap handsets and One-2-One's cheap calls have increased the market substantially in recent months. Another competitor may well do the same. Mercury, however, must hurry if it does not want to be last.

# Turkish lira falls 10% on eve of austerity package

By John Murray Brown

Turkey's currency markets were in chaos again yesterday, with the lira falling by more than 10 per cent on the eve of a long-awaited austerity package.

The dollar was yesterday trading at TL30,500 in the interbank market, compared with a closing rate on Friday of TL27,000, as banks rushed to close their foreign exchange positions amid rumours the package could include another devaluation. The last realignment, of 12 per cent, was on January 26. The Central Bank's opening price yesterday was TL22,500 to the dollar.

Mrs Tansu Çiller, the prime minister, is expected to unveil the package of reforms today in an attempt to restore market confidence in her economic management and curb the fiscal deficit, running at 17 per cent of GNP.

Last month's local elections, which saw a narrow victory for Mrs Çiller's True Path party, strengthened her hand, but it remains to be seen whether she has the courage to administer the far-reaching changes most economists say are now needed.

The reforms, which will apply for six months, are understood to include measures to reduce foreign exchange speculation, including a possible rise in the statutory amounts banks must lodge with the Central Bank as reserve requirements.

Turkish newspapers reported that the package would include job cuts in overstaffed public sector industries, price rises for state sector industry products, faster privatisation, an investment freeze and increases in value added tax. However, some economists suggest this will be insufficient to curb growth and squeeze inflation, which reached an annualised 73.6 per cent in March, the state statistics department revealed yesterday.

Tax and privatisation revenues have been lower than expected and the earlier devaluation has added to foreign debt servicing costs. Central Bank reserves are about \$3.2bn.

Interbank rates have risen as high as 1,000 per cent in the last 10 days, although they were yesterday running at about 250 per cent. But, in an indication of the government's search for cash, the Treasury is taking the unprecedented step of issuing bills, with an interest rate of 125 per cent, through branches of the Turkish state telecom company.

Emerging markets, Page 24

# Israel steps up withdrawal

Continued from Page 1

46 Palestinian activists deported from the territories for political activity to return to their homes today. The deportees are expected to cross from Jordan into the West Bank and from Egypt into Gaza.

Reflecting the stepped-up pace of negotiations in recent days, Mr Arafat told Palestinian students yesterday of his plan to return to his Palestinian homeland next month, saying he would be based in Jericho. For Israel, Mr Sarid confirmed that Mr Arafat might be able to return in May once the Cairo negotiations and the Israeli withdrawal were completed.

Violence flared again in Hebron, site of February's massacre of 29 Palestinians by a fanatical Jewish settler, as Israeli soldiers shot and wounded 18 Palestinian demonstrators.

Israel has agreed with the PLO to allow 160 armed observers from Norway, Denmark and Italy into the town, the flash-point of Arab-Israeli violence. However the cabinet yesterday decided against discussing the possible removal of 415 extremist Jewish settlers living in Hebron and surrounded by 110,000 Arabs.

# Early falls in US stocks

Continued from Page 1

Fidelity reported little sign of selling by private investors.

By 1pm New York time the index was 36.85 points lower at 3,599.11.

Yesterday's announcement of a weak price component of the US purchasing managers' index failed to improve sentiment in the Treasury bond market. The price component, which reflects inflationary pressures, fell to 64.2 in March, from 67.0 in February. However, at 1pm, the 30-year bond was down 9/32 at 87⅞, for a yield of 7.30 per cent.

Anticipation of a weak day on Wall Street led to pressure on share prices in the rest of the world. Although most European stock markets were closed for the day, the Madrid general index fell to a low for the year, dropping 9.3 points, or 2.9 per cent, to 310.18.

Asian stock markets mostly ended down, with traders nervous ahead of Wall Street's opening. Malaysia, Singapore and Thailand recorded falls of between 2 and 3.3 per cent. In Tokyo, the Nikkei 225 Index dropped 154.94 to finish at 19,122.22.

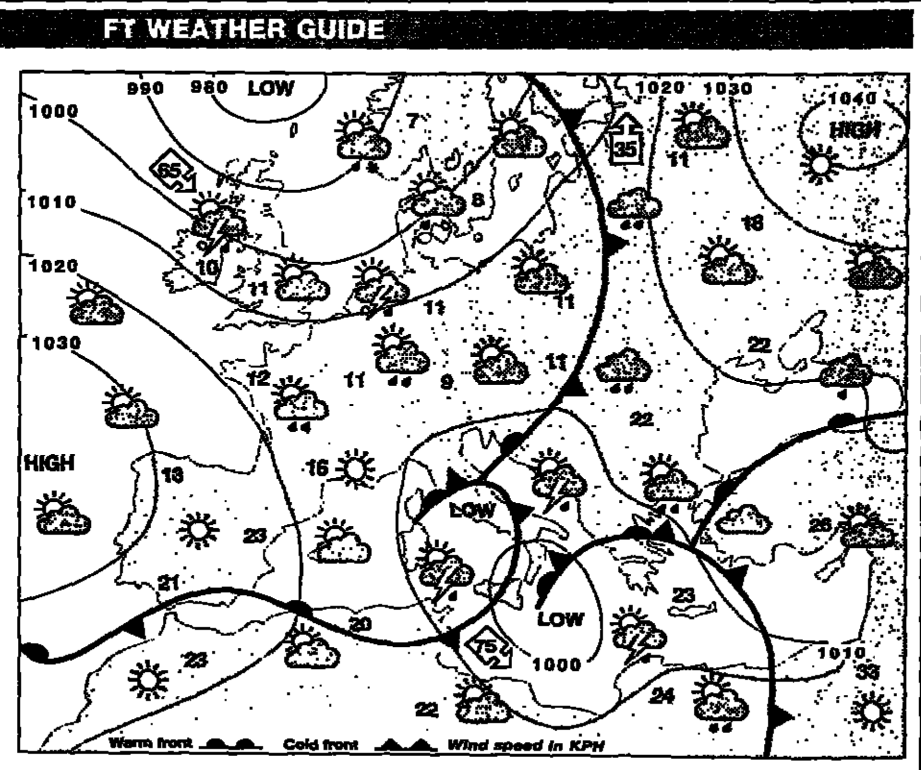
## FT WEATHER GUIDE

### Europe today

A strong westerly air current will cause very unsettled and cool conditions in the British Isles, Benelux, Germany and France. Frequent blustery showers will bring hail, sleet and thunder. Scandinavia will have snow showers, especially in the north. Spain and Portugal will remain dry and sunny except for the northern coast. A complex low pressure area over Italy will cause changeable and cool conditions in southern and south-eastern Mediterranean regions. Heavy rain and thunder is expected, especially in central and southern Italy, the former Yugoslavia and Greece. Southerly winds will promote warm and sunny conditions in Egypt and Israel.

### Five-day forecast

Low pressure over the Atlantic will keep northern and western Europe changeable and cool with periods of strong winds. Low pressure over southern and eastern Europe will cause unsettled and windy conditions in Italy, the Balkan states and Greece, particularly on Wednesday. Southern Spain and Portugal will be settled with sun and comfortable temperatures which will reach Italy late in the week.




Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

| | | Maximum Celsius |
|---|---|---|
| Abu Dhabi | sun | 30 |
| Accra | thund | 31 |
| Algiers | cloudy | 20 |
| Amsterdam | hail | 10 |
| Athens | cloudy | 22 |
| B. Aires | rain | 25 |
| B.ham | shower | 11 |
| Bangkok | cloudy | 36 |
| Barcelona | fair | 17 |
| Beijing | cloudy | 22 |
| Belfast | thund | 11 |
| Belgrade | cloudy | 16 |
| Berlin | fair | 13 |
| Bermuda | fair | 23 |
| Bogota | fair | 19 |
| Bombay | sun | 31 |
| Brussels | shower | 10 |
| Budapest | fair | 14 |
| C.hagen | shower | 9 |
| Cairo | sun | 33 |
| Cape Town | sun | 23 |
| Caracas | cloudy | 25 |
| Cardiff | shower | 11 |
| Chicago | rain | 7 |
| Cologne | shower | 11 |
| D' Salaam | shower | 32 |
| Dakar | sun | 25 |
| Dallas | rain | 23 |
| Delhi | fair | 35 |
| Dubai | fair | 30 |
| Dublin | fair | 11 |
| Dubrovnik | cloudy | 19 |
| Edinburgh | fair | 10 |
| Faro | sun | 22 |
| Frankfurt | shower | 11 |
| Geneva | shower | 8 |
| Gibraltar | sun | 23 |
| Glasgow | hail | 10 |
| Hamburg | hail | 10 |
| Helsinki | rain | 7 |
| Hong Kong | cloudy | 26 |
| Honolulu | sun | 28 |
| Istanbul | fair | 21 |
| Jersey | shower | 11 |
| Karachi | fair | 31 |
| Kuwait | sun | 29 |
| L. Angeles | sun | 24 |
| Las Palmas | sun | 22 |
| Lima | fair | 27 |
| Lisbon | fair | 18 |
| London | shower | 12 |
| Lux.bourg | hail | 9 |
| Lyon | shower | 11 |
| Madeira | fair | 19 |
| Madrid | fair | 19 |
| Majorca | fair | 18 |
| Malta | rain | 14 |
| Manchester | hail | 10 |
| Manila | thund | 33 |
| Melbourne | sun | 20 |
| Mexico City | cloudy | 24 |
| Miami | fair | 29 |
| Milan | fair | 15 |
| Montreal | cloudy | 9 |
| Moscow | fair | 11 |
| Munich | shower | 9 |
| Nairobi | fair | 27 |
| Naples | thund | 18 |
| Nassau | fair | 27 |
| New York | sun | 16 |
| Nice | windy | 17 |
| Nicosia | fair | 26 |
| Oslo | shower | 7 |
| Paris | shower | 12 |
| Perth | sun | 29 |
| Prague | rain | 11 |
| Rangoon | fair | 35 |
| Reykjavik | windy | 3 |
| Rio | shower | 25 |
| Riyadh | sun | 31 |
| Rome | fair | 17 |
| S. Frsco | fair | 19 |
| Seoul | cloudy | 22 |
| Singapore | fair | 31 |
| Stockholm | shower | 9 |
| Strasbourg | shower | 11 |
| Sydney | sun | 22 |
| Tangier | fair | 19 |
| Tel Aviv | sun | 31 |
| Tokyo | fair | 18 |
| Toronto | rain | 14 |
| Tunis | cloudy | 18 |
| Vancouver | rain | 15 |
| Venice | shower | 13 |
| Vienna | rain | 11 |
| Warsaw | rain | 9 |
| Washington | sun | 20 |
| Wellington | fair | 14 |
| Winnipeg | fair | 2 |
| Zurich | shower | 9 |

FINANCIAL TIMES
# COMPANIES & MARKETS





Tuesday April 5 1994

## US fund begins move into Europe

By Robert Peston

Steinhardt Partners, one of the world's top three hedge fund managers, has launched its first raid on a quoted UK company, as a first step towards making a series of substantial investments in debt-stricken European businesses.

Over the past two months, Steinhardt, which has equity under management of around $5bn but borrows many billions more for investment, has quietly acquired a 30 per cent stake in the convertible preference shares of Ransomes, the lossmaking manufacturer of grass cutting equipment.

Even though this gives Steinhardt a fully diluted stake of just under 15 per cent in the company – well above the 3 per cent level that normally obliges public disclosure of a holding – the shares are currently non-voting, so there has probably not been a legal obligation to disclose.

However, the convertible preference shares become voting instruments when dividends are six months in arrears. Ransomes made pre-tax losses of £8.9m ($12.99m) in 1993 and it postponed the payment of the preference dividend due last October 31. As a result, holders of the preference shares should receive votes at the end of the month, giving Steinhardt a potentially influential stake in the company.

A financier with a close knowledge of Steinhardt's European plans said that although a full bid for Ransomes could not be ruled out, the fund's normal preference was to take a strategic holding and then persuade a company to adopt a reorganisation plan.

The financier said that Steinhardt, which paid around £10m for the Ransomes stake, was also examining a series of other investments in over-borrowed European companies.

Steinhardt typically invests in very liquid instruments with the aim of making enormous profits from movements in foreign exchange or bond markets. However, it also takes stakes in companies. In the US, it has invested hundreds of million dollars in businesses with excessive debts in order to facilitate financial reconstructions.

# Northrop wins battle for Grumman

By Richard Waters in New York

Northrop yesterday emerged the victor in the battle for control of US defence company Grumman, after rival bidder Martin Marietta declined to raise its own bid for the company.

Northrop increased its offer for the company to $62 a share, even though, at $60 a share, it had already made the higher bid ahead of a Friday afternoon deadline for offers set by the Grumman board.

Martin Marietta, which a month ago sparked the battle by announcing an agreed $55 takeover of Grumman, said it was not in its shareholders' interests to increase its own offer.

The Northrop bid, which values Grumman at nearly $2.2bn, marks one of the largest acquisitions yet in the US defence sector, where mergers are being driven by falling defence spending.

Analysts said that they expected other takeovers to follow, with the most likely acquisition candidates being defence divisions of larger corporations looking to leave the business.

Northrops' share price dropped more than 5 per cent yesterday morning on news of its increased offer, against a background of a weak stock market.

By lunchtime in New York, Northrop shares had fallen $2¼ to $37¾.

Mr Kent Kresa, the chairman of Northrop, insisted that his company was paying "a fair price for Grumman, one that will enable us to enhance profitability in the long term, beginning next year".

The deal would not affect Northrop's earnings this year, and would begin to increase its earnings per share in 1995, he said.

On completion of the tender offer, which has been extended to April 15, the company will be renamed Northrop Grumman.

Martin Marietta said it had received a $50m termination fee from Grumman, which had been agreed at the time of their original merger accord, and that is was also seeking $8.8m to cover its costs in the bid battle.

Yesterday, Martin Marietta reiterated its intention to make acquisitions when opportunities arose.

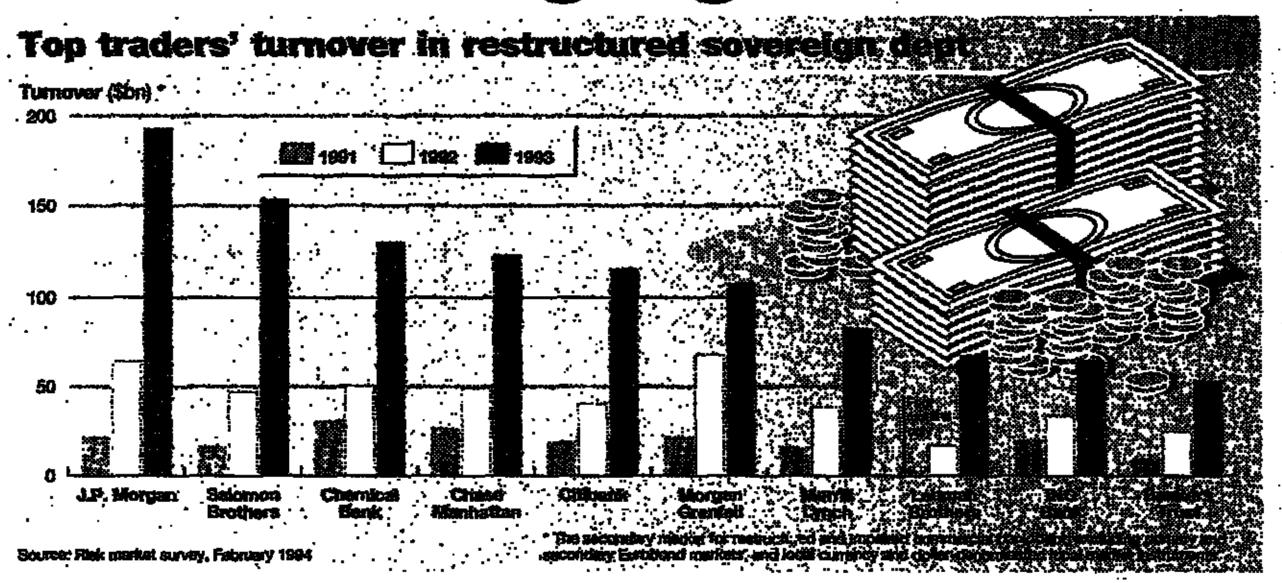
Mr Norman Augustine, the company's chairman, has been one of the most vociferous advocates of mergers in the defence sector, and has already engineered the takeovers of the aerospace division of General Electric and the space division of General Dynamics in recent months.

Northrop said in a statement that it and Grumman would have had combined 1993 sales of more than $8bn, more than 40,000 employees and a business backlog in excess of $13bn.

Mr Kent Kresa, Northrop chairman, said: "This merger will enable Northrop to pursue its primary business objectives of being a key member of the nation's defence industrial team well into the 21st century."

The secondary market for the debt of less developed countries was profitable and popular. But just as it was on the verge of joining the mainstream, it collapsed. **Tracy Corrigan** reports

# Picking up the pieces of an emerging market




Source: Risk market survey, February 1994

The contrast between last year's bull run in the financial markets and this year's bearish conditions is nowhere more striking than in the secondary market for emerging country debt.

The market consists of the restructured and impaired loans made by banks to countries in Latin America, Africa, the former Soviet bloc and Asia, many of which ran into problems in the 1980s. Since then, the value of these loans in the secondary market has staged a strong recovery, as the creditworthiness of their emerging economies has improved.

So far this year, Salomon Brothers' Brady bond index, which tracks the restructured commercial bank debt of countries such as Argentina, Mexico and the Philippines, has declined by about 20 per cent, after last year's impressive return of 43.87 per cent.

The commercial loans of countries that have yet to restructure their debt have fared even worse. Poland's debt has dropped from 52 cents on the dollar in early January to 31 cents, while Sudan's debt is trading at 6 cents on the dollar, down from 11 cents.

Few traders had doubted that the market was heading for a correction, but the scale of the collapse has shocked many participants. Many were convinced the market was in the process of entering the mainstream.

Trading volume last year trebled to an estimated $1,000bn-$1,500bn (£685bn-£1,027bn), according to a recent market survey by Risk magazine. That compares with estimated market turnover of around $200bn for 1991, and reflects the broadening of interest in the market.

The market's roots go back to the early 1980s. When Latin American countries began to default on their commercial bank debt, some banks started to sell off some of the impaired debt. Gradually they set up small teams to adjust their own books, and a secondary market in what was then known as LDC (less developed country) debt developed.

Later, seeing the profits to be made from the LDC debt market, investment banks began to set up trading teams. But they were stillproprietary traders who were charged with making money by using the banks' own capital to take positions, rather than dealing on behalf of clients.

The market slowly started to be viewed as a genuine investment medium, often for so-called "flight capital" – money held offshore by wealthy Latin American nationals – and then by specialist country funds. In recent years, large returns attracted mainstream institutional investors as bond markets rallied and the credit ratings of Latin American countries improved. Last year, there was a wave of money from hedge funds (highly leveraged, mainly offshore funds).

"Unfortunately, about halfway through the process [of institutionalisation], the market has gone into decline," said one investment banker.

One reason for the severity of the decline may be the nature of trading: many participants are themselves still natural holders of the debt.

"Our market is different from the gilts or US Treasury market," said Mr Paul Luke, head of emerging market debt research at Morgan Grenfell.

"In those markets, the path of interest rates is an issue over which honourable men can differ. In our market you don't get anyone who says it's overvalued."

The sharp decline has come just as participants are pouring fresh resources into the market. Not only have new entrants recently set up teams – in some cases poached from other houses for hefty packages – but the advent of the institutional investor has increased the demands on both investment and commercial banks. Already, most of the top 10 houses have between 15 and 25 traders. Salomon Brothers estimates that the number of trading and sales professionals involved in the market worldwide has grown from 750 in 1991-92 to between 1,000 and 1,500.

In addition, institutional investors also want expensive research facilities at their disposal. "It's very costly to run a full sales, trading and research operation, but that's what the major institutions demand," said one emerging market debt trader. As a result, the return on capital for this business is set to decline, albeit from levels as high as 40 per cent, according to some traders.

In spite of its problems – heavy losses, long positions, no sign of investors returning – the outlook for the market is not as bleak as it may seem.

"Obviously it's not a pleasant thing to go through, but it's not entirely unhealthy. Towards the end of last year there was a lot of froth in the market," said Ms Alex McLeod, managing director, secondary asset trading at Continental Bank.

After a spate of bad news – including the collapse of Banco Latino, Venezuela's second-largest bank, the rebel uprising in Mexico, and the assassination of the country's leading presidential candidate – there is some good news on the horizon. Brazil, Poland and Bulgaria are all close to finalising Brady deals.

For all but the most recent entrants to the market, the hefty profits of the past few years have provided a cushion that will enable them to wait for the market's fortunes to pick up again.

## Markets this week

Starting on page 20

**BRONWEN MADDOX:**
GLOBAL INVESTOR -
European investors are hardly strangers to political uncertainty. Italy, may see some consolidation in the markets. In the UK, worries about divisions within the Conservative party have caused jitters over sterling, while in Germany an election marathon has kicked off. Page 20

**DAVID WALTON:**
ECONOMIC EYE
Policymakers have long recognised the role commodity prices can play in predicting inflation trends. Remarks by Mr Alan Greenspan, chairman of the US Federal Reserve, that gold prices are a valuable indicator of inflationary expectations suggest that commodity prices may once again be influencing monetary policy. Page 20

**Bonds:**
Mr Silvio Berlusconi may have wowed the Italian public, but he is going to have to come up with something more substantial to interest investors. Page 22

**Wall Street:**
The cloud of uncertainty hanging over the markets has shown no signs of dissipating. Rather, it appears to have thickened with each downward lurch of the Dow. Page 23

**Emerging markets:**
The sealing of Brazil's debt restructuring might have boosted its capital markets. But the country has been affected by the turbulence in emerging markets. Page 24

**Currencies:**
When foreign exchanges re-open today the key issue will be how to interpret Friday's US jobs data, which showed the fastest rise in job creation since 1987. Page 31

STATISTICS



## This week: Company news

SUEZ

### Return to profits predicted for French giant

A highlight of France's corporate calendar this week will be the announcement on Wednesday of the 1993 results of Suez, one of the country's largest holding companies with a web of interests across French industry and finance.

Suez, which fell into the red in 1992 for the first time in its history, is universally expected to have come back into the black during 1993, but observers are flummoxed as to the likely level of profits.

"It's anyone's guess what the result will be," one analyst said. "Suez raised lots of money from asset sales in 1993, but it is a real rag-bag of companies. Some, such as [Groupe] Victoire, the insurance group, did well in 1993. Others, including the Monod and Hénin banking business, did very badly."

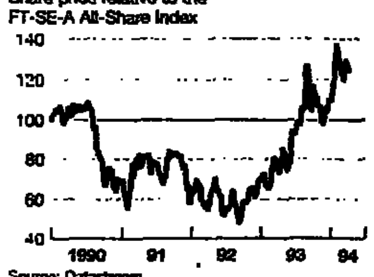
Mr Gérard Worms, the chairman of Suez, has already trumpeted the group's return to the black when he announced a net interim profit of FFr516m ($86.28m) in the first half of last year.

The group has since stepped up its asset sale programme, notably with last autumn's lucrative deal to sell control of Colonia, the German insurer, to Union des Assurances de Paris, the French insurance group.

Yet investors on Wednesday will be as interested to hear Mr Worms' views on the timing of future asset sales as in the results themselves. Of particular interest is the fate of Groupe Victoire, the French insurance company of which Suez gained full control following the Colonia deal with UAP.

So far Victoire's prospective purchasers – from the UK's BAT Industries to Germany's Allianz – have denied interest in it. Suez's shareholders must be hoping for news about the progress of the sale.

**Invesco**




Source: Datastream

INVESCO MIM

### Strength in US should cushion UK

Almost every mention of Invesco MIM's name in the UK last year was accompanied by references to two things: a record £750,000 ($1.1m) fine from regulator Imro, and the saga of its involvement in the Mirror Group pension scheme – denuded by the late Robert Maxwell.

The Imro fine has been digested, and in an out-of-court settlement earlier this year, Invesco paid the trustees of the Mirror Group scheme £11m, without admitting liability. Analysts say the group has now cleaned itself up – but results for last year, due on Thursday, are expected to reflect a struggle to retain institutional clients and to attract new business in the UK.

Luckily for Invesco, however, there is little awareness of or concern over these affairs in the US, the source of an overwhelming proportion of the group's funds under management. US mutual funds put on spectacular growth during 1993, and Invesco's strength in the US should mean that profits from the US division more than outweigh any weakness in the UK.

Most analysts' forecasts for last year's pre-tax profits are in the £30m-£40m range, after the exceptional £11m pay-out to the Mirror pensioners. This compares with £12.6m after exceptionals in 1992.

The total dividend is expected to stay at last year's reduced level of 3p, or possibly increased by 1p.

OTHER COMPANIES

### Banks show turn in German economy

Dresdner Bank, the second of Germany's big three, presents its 1993 results to the press in Frankfurt today. Operating results, up 16 per cent after 10 months, are expected to have improved further, following Deutsche Bank's showing last week.

Delivery of a half-promised dividend increase – the first since 1989 – will help consolidate the view that the worst is past for the German economy.

■ **Banesto:** Tomorrow is the last day for banking groups to register with the authorities as potential buyers of Banesto, the troubled Spanish bank which is due to be auctioned. Foreign and domestic banks registering will be asked to disclose details of partners bidding with them before April 18. The deadline for submitting sealed bids is April 25.

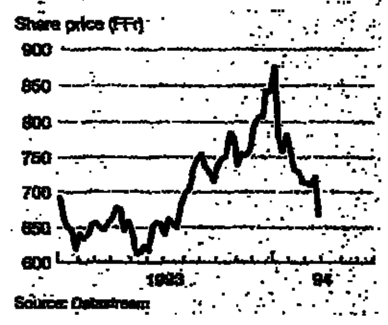
Front runners in the auction are Argentaria, Banco Santander, Banco Bilbao Vizcaya, which have already registered.

■ **Alcatel Alsthom:** The French telecommunications, engineering and transport group will announce 1993 results tomorrow. Mr Pierre Suard, chairman, has previously indicated that net profits will be about the same as the previous year when the company reported a figure of FFr7.05bn ($1.17bn).

Alcatel's chairman has also warned that difficult conditions in some of the group's principal telecoms markets and the lingering effects of recession will bring a fall in net profits this year.

■ **Amec and Hewden Stuart:** Evidence that 1993 marked the turning point in the UK construction recession is expected from two companies announcing results on Thursday.

**Alcatel**




Source: Datastream

Amec, the building and civil engineering group, suffered more badly than most contractors from its excursion into UK housebuilding. However, it should have bounced back into the black last year, with pre-tax profits estimated at £22m-£25m ($32.1m-$36.5m), compared with a £87.5m loss in 1992. Hewden Stuart, the UK's biggest independent plant hire group, is expected to report pre-tax profits of about £18m for the year to January 31, well up on the previous year's £12m.

■ **Laird Group:** High exposure to France and Germany has held back performance at the manufacturer of car components and industrial products, which makes most of its money overseas. Analysts are looking for pre-tax profits of £37m-£39m, compared with £36.9m last time. They also expect a slight rise in the full-year dividend to 10.8p, from 10.5p. The main problem facing the group is its need to reduce its cost base in the face of weak and erratic European car demand.

**Companies in this issue**

Ex-Hanson construction group plans listing with £50m price tag

# Amey takes stock market road

By Andrew Taylor, Construction Correspondent

David Cawthorne (left) with Neil Ashley – eyes on expansion

Amey Holdings, one of the UK's largest private construction companies and the country's sixth biggest road builder, is expected today to announce plans for a stock market listing together with a placing to finance expansion.

The exact amount to be raised has still to be decided, but the issue is expected to value the company at a minimum of £50m.

Amey directors, who currently own 62 per cent of the company, may also sell some of their shares. Close Brothers holds a further 25 per cent of the shares on behalf of about 30 investment institutions.

It will be the second former Hanson company to come to the market this year. Beazer, Britain's fourth largest housebuilder, was floated last month by the UK/US conglomerate raising £463.4m, of which £50m of new money went to Beazer and the remainder to Hanson.

Amey, previously part of the ARC building materials and construction group, was briefly a Hanson subsidiary when ARC was acquired from Consolidated Goldfields by Hanson in August 1989.

Amey, the construction arm of ARC, was acquired in November the same year for £6.5m by the company's four main directors – Mr Neil Ashley, executive chairman, Mr Eddie King, managing director, Mr David Cawthorne, finance director, and Mr Richard Douglas, managing director of Amey Building.

After stagnating in the 1980s, Amey has trebled its turnover since the management buy-out. It has regained its position as a large UK road builder as well as carving out new markets in construction for water companies, housebuilding and developing a network of regional building companies by acquiring contracts and businesses from receivers.

These purchases, in most cases, have been self financing leaving the group with net cash of £8.7m at the end of December. It also took over the staff of the former heavy electrical business of JM Jones which was lossmaking and was closed by Amey last year.

The continuing businesses, however, made pre-tax profits of £4.7m last year on group sales of £210m. That compared with profits of just £300,000 on sales of £70m before the buy-out in 1989. Pre-tax profits including the discontinued business would have been £2.2m last year.

The cash is needed to expand the capital base, with shareholders funds currently about £7m, to enable the group to expand its housebuilding operations from 40 homes a year up to 200 to 300 by the late 1990s and to make other strategic investments.

A larger capital base will give potential customers greater confidence and enable the company to bid for a bigger range of construction contracts, including involvement in privately financed infrastructure schemes.

# Resort Hotels faces delisting

By Simon Davies

Resort Hotels is set to be delisted following its failure to put forward restructuring proposals before a March 31 deadline set by the Stock Exchange.

Resort's shares were suspended on July 16 after it had exceeded its banking facilities, and imposed significant management changes.

The group has since revealed pre-tax losses of £71m for the year to April 1993, a net negative valuation, and a Serious Fraud Office investigation into the activities of its previous management.

The Stock Exchange said it was left with no choice in delisting the company, if Resort did not put forward "something that looks feasible within a realistic time frame", before midnight last Thursday.

Mr Roland Lewis, managing director, said Resort was keen to maintain a listing in the longer term, but it was not yet in a position to submit detailed proposals.

He said the financial implications of delisting were limited, since the level of documentation required to gain Stock Exchange approval for restructuring, would be similar to those for a new listing.

Resort's future remains in the hands of its bankers, primarily National Westminster Bank and Midland Bank, since the group has net debt of £53m.

It is examining a number of potential solutions, and it is understood that one option is the sale of the company to private hotel group Jarvis Hotels.

Meanwhile, Resort has withdrawn from the management of 14 hotels which will therefore "no longer require any financial support from Resort."

As part of a rationalisation it is attempting to cease unprofitable management deals, and develop a hotel marketing role.

Its banks have indicated continued support, and the management remains confident it has a long-term future.

# GRT sets out for London with a £40m valuation

By Andrew Bolger

Moir Lockhead (centre) chairman, flanked by Robert Duncan (left), managing director, and Alan Semple, finance director

GRT, a bus and coach operator, will come to the market later this month through a placing which is expected to value the Aberdeen-based group at about £40m.

It will be the third bus group to have come to the market within the past year. Stagecoach, based in Perth, was floated last April, and Badgerline, the Avon-based operator, came to the market in November.

The Go-Ahead Group, of Gateshead, will be floated by the summer with a market capitalisation of more than £40m.

GRT operates in the north-east and central belt of Scotland, as well as Leicester and Northampton.

The company was formed in 1989 to effect a management-led employee buy-out of Grampian Regional Transport, the first Scottish local authority bus company to be privatised.

Midland Bluebird, which operates in the central belt of Scotland, was bought in 1990. The Leicester CityBus and Northampton Transport operations were bought late last year.

The flotation, through a placing arranged by James Capel, will raise between £15m and £20m of new money, enabling debt of £10m to be paid off leaving cash for acquisitions and organic growth.

Post-flotation, about 30 per cent of GRT's shares will be held by employees, with a further 25 per cent owned by senior management. Some bus drivers and cleaners in Aberdeen will have stakes worth between £15,000 and £20,000.

Mr Moir Lockhead, chairman, said a key element in the success of the group had been the high degree of employee commitment achieved through participation in the buy-out and the operation of an employee share ownership plan.

To encourage participation in the flotation, employees will be able to buy one share and receive one free. They will also be offered interest-free loans of up to £500. Following the flotation, 5 per cent of the group's profits before interest and tax will be allocated to fund the employee scheme.

The group currently employs 1,850 people and has a fleet of 725 vehicles.

Mr Lockhead said: "The group has expanded well since the buy-out. In order to continue our development we believe that flotation is the next natural step and will enable GRT to continue to take advantage of opportunities for expansion when they arise."

GRT's turnover has risen from £11.8m in the year to March 31 1989, to £32m in the year end-March 1993, with operating profits increasing from £850,000 to £3.6m. This excludes the Leicester and Northampton operations.

# Heron completes sale of motor distributorship

By Paul Taylor

Heron International, the property and trading group run by Mr Gerald Ronson, will today complete the sale of the Heron Suzuki motor distributor to Suzuki Motor Corporation.

However, the sale of Heron Suzuki – which was agreed last month – will do little to reassure Heron's creditors who were left in confusion last week after meetings of senior and junior bondholders were adjourned when they failed to reach a quorum.

The bondholders' meetings had been called to consider Heron's request for a deferral of interest payments due on Thursday until the end of June.

Because the interest has been left unpaid, the bonds are technically in default – though as yet no creditor has moved against the company.

Heron, which completed a £1.4bn refinancing six months ago, had warned that without the interest deferral, and the postponement of other payments due, the property and trading group might be unable to continue trading.

In the wake of the bondholders' meetings there has been some speculation that Heron might ask UBS, its financial adviser, to formulate proposals for the sale of the whole group.

Yesterday, however, Heron said it had "nothing to add" to its statements of last week.

Heron expects to receive £75m from disposals by the end of June – £31m from the sale of Heron Homes and £44m from the sale of Heron Suzuki.

# National Grid in link with Power Grid of India

By Michael Smith

National Grid, operator of the electricity transmission system in England and Wales, and Power Grid of India have signed a memorandum of understanding to establish a joint venture to build, own and maintain a high voltage interconnection in India.

The proposed 400,000 volt link will connect the northern and eastern regions of India. The project is one of the priority projects to be implemented by Power Grid and its estimated value is about £50m.

The National Grid is not revealing how big its shareholding will be but it estimates that it expects to invest about £25m.

The link will provide surplus off peak energy from the eastern region to the north.

National Grid and Power Grid already have a co-operation agreement to exchange information and expertise and explore opportunities for business development.

# MAM negotiations called off

Mercury Asset Management, the UK's largest fund management group, has pulled out of negotiations to buy the manager of River & Mercantile Trust, one of the oldest UK investment trusts.

The deal would have formed part of MAM's strategy of diversifying into services for private investors from its strong base in the UK pension fund market.

# Accountants seek merger agreement

By Richard Lapper

Partners of BDO Binder Hamlyn met yesterday in a bid to reach consensus over a proposal to merge the eighth biggest UK accountancy firm with its larger rival, Arthur Andersen.

It was expected that senior partners supporting the deal would try to persuade five regional offices opposing the merger to change their minds. Last week Birmingham, Manchester, Newcastle and the partnership covering London and Leeds all expressed support for the idea of a merger, proposed by Andersen last month.

These four represent more than two-thirds of Binder's total partners and more than 70 per cent of its staff and fee income. The partnerships opposed to the deal are Scotland, East Anglia, Northern Ireland, Bristol, Poole, Nottingham and Wolverhampton.

## NEWS DIGEST

# Saatchi men to keep their jobs

The board of Saatchi & Saatchi, the advertising group which has seen open hostilities between its chairman and chief executive in recent weeks, has said that both men are to stay in their jobs.

In a statement last week the directors said that, following consultation with shareholders, clients and employees, it had been agreed that the interests of the company were best served by the continuation of Mr Maurice Saatchi and Mr Charles Scott in their present roles, as chairman and chief executive respectively.

The relationship between Mr Saatchi and Mr Scott appeared to deteriorate towards the end of last year and it had been looking increasingly likely in recent weeks that one of them would have to leave.

Mr Saatchi is said to be unhappy about Mr Scott's handling of the group's financial performance; Mr Scott refuses to be drawn on the conflict, but his supporters say that Mr Saatchi has not been bringing in the new business the group so badly needs.

## Sema expands via £4.4m purchase

Sema Group, the Anglo-French information systems company, is buying Contact Group, the Spanish offshoot of Credit Agricole, for £4.4m.

Contact is a computer facilities management business, focused on the credit and affinity card processing market.

## Lucas agrees deal with Armour Trust

Lucas Industries has conditionally agreed the sale to Armour Trust of the stock and trademarks of its Bluecol and Radiomobile automotive aftermarket business for £1.2m cash.

The book value of the assets is £350,000.

## Costain sells Australian assets

Costain Group is selling Australian property interests for A$27.1m (£12.8m). The proceeds will be used to reduce debt.

The properties in Melbourne were held in a joint venture with Kajima Corporation of Japan.

**CROSS BORDER M&A DEALS**

| BIDDER/INVESTOR | TARGET | SECTOR | VALUE | COMMENT |
|---|---|---|---|---|
| Pearson (UK) | Software Toolworks (US) | Software | £312m | Multi-media expansion |
| Coors Brewing (US) | Unit of El Aguila (Spain) | Brewing | £35m | El Aguila rationalising |
| Cable & Wireless (UK) | Petersburg Long Distance (Russia) | Telecoms | £27.3m | Taking 25.1% stake |
| Senior Engineering (UK) | Metal Bellows (US) | Engineering | £10.2m | Complementary purchase |
| Adwest Group (UK) | Modular Devices (US) | Electrical instruments | £9.2m | Profit-related price |
| Whittaker (US) | Unit of Thorn EMI (UK) | Detection systems | £8.7m | Safety systems sale |
| Senior Engineering (UK) | Christian Bergholer (Germany) | Engineering | £8.4m | Eastern expansion |
| Interbrew (Belgium) | Zagreb Breweries (Croatia) | Brewing | £8m | Beating rivals for stake |
| Dyckerhoff (Germany) | Ciments Luxembourgeois (Luxembourg) | Cement | n/a | Arbed sells its 50.05% |
| Italtel(Italy)/Siemens (Germany) | JV | Telecoms | n/a | Industry alliances grow |

# Revco pays $600m to acquire rival

By Richard Waters

Revco, one of the US's biggest drug store chains, said it was acquiring rival chain Hook-SupeRx for $600m in a deal which signals a further consolidation in the drug distribution business in the US.

Both groups are based in Ohio and each has about 1,200 stores, making them together one of the largest retail drug chains alongside Rite-Aid and Walgreen.

Revco said it had reached agreement to buy Hook for $13.75 a share, a 50 per cent premium over the $9.125 at which the company's shares closed at last Thursday. Hook's shares jumped to $12.625 yesterday, reflecting lingering doubts that Revco would not be able to complete the acquisition.

Revco, which emerged from bankruptcy in 1992, said it was still assessing the financing for the deal, and that the transaction was dependent on its ability to raise up to $175m through a debenture issue. It said it had received commitments for bank debt to back the deal, and a standby purchase agreement from its largest shareholder to back an equity issue.

The uncertainties surrounding healthcare reform in the US and the pressure on profit margins of both producers and distributors has begun to force consolidation in the drug industry's various distribution channels. In the biggest transaction to date, Merck, the country's biggest manufacturer, acquired telephone distribution company Medco for $6bn.

Hook had sales of $2.3bn last year, almost identical to Revco. Mr Dwayne Hoven, president and chief executive of Revco, said the takeover was intended principally to strengthen the company's position in Ohio, Pennsylvania, Maryland, West Virginia, Virginia and Tennessee, as well as giving it a position in a range of other states where it does not operate.

# Lufthansa likely to break even this year

By Paul Betts, Aerospace Correspondent

Lufthansa, the German flag carrier which launched a large restructuring programme two years ago, is heading for break-even this year after making a pre-tax loss of DM50m ($29.4m) last year, Mr Jurgen Weber, the airline's chairman, said during a visit in London.

"We have had to carry through some painful measures to restore our competitiveness. However, promising results are now beginning to show," he added.

The DM50m pre-tax loss last year follows a much heavier pre-tax deficit of DM297m in 1992. Lufthansa's after-tax losses are expected to decline to about DM110m last year from DM373m in 1992.

Mr Weber indicated that Lufthansa would consider in the longer term investing in an equity stake in United Airlines, one of the biggest US carriers which has forged a strategic commercial alliance with the German carrier. "We feel we must first start in strategic alliances with marketing agreements to save costs."

He emphasised that any cross equity deal with United would come much later and would depend on the results of the ticket code-sharing agreement recently finalised between the two airlines.

Mr Weber confirmed that Lufthansa, in which the German government holds a majority 51 per cent stake, was keen to be fully privatised.

However, the airline's privatisation hinged on negotiations between Lufthansa and the government over the future of the government pension scheme for the airline's staff, Mr Weber stressed.

The pension scheme "still blocks the road to our full privatisation", he said. "The German government has it very high on its agenda, and Lufthansa management is strongly in favour of privatisation."

If privatised under the current pension law, all Lufthansa pensioners and staff would lose their complete pension benefits. "The social implications would be unacceptable," Mr Weber said.

"Since its establishment as a company Lufthansa and its employees were legally bound to pay into the government pension scheme which is not funded. The scheme becomes automatically invalid if public ownership drops below the magic line of 50 per cent," he explained. "That needs to be changed urgently and we hope our government will find appropriate solutions soon."

Mr Weber attacked state subsidies for European national carriers during an address to the Aviation Club of Great Britain. "We'll have to make hell in Brussels," he said, if approval was granted to Air France for a FFr20bn ($3.4bn) injection of funds without strict conditions.

# Woolworth shares fall as chiefs step down

By Richard Waters in New York

Shares in Woolworth, the US retailer, tumbled by more than 5 per cent yesterday morning in New York following an announcement at the weekend that the company's chairman and chief financial officer had stepped aside pending an investigation of accounting irregularities.

Mr William Lavin, chairman and chief executive, and Charles Young, chief financial officer, have denied wrongdoing. According to Woolworth they have told the company they have relinquished their positions temporarily so that the company's business will not be disrupted during the investigation.

The confidence of suppliers was shaken last week as the company announced it was looking into allegations surrounding its reported gross margins. The news threatened to disrupt the company's normal trading as suppliers reassessed their relationships with the retailer.

The company said its lead banks had confirmed their existing committed credit lines to the retailer.

# Four Seasons to be sold as Sharp loosens control

By Bernard Simon in Toronto

Four Seasons Hotels has put itself up for sale in a two-stage process that would allow Mr Isadore Sharp, the luxury hotel chain's founder and controlling shareholder, to loosen his ties gradually over the next three-five years.

Mr Sharp, aged 62, linked the move to plans for his own retirement. "Every good leader should know when to step down and how to ensure the continuing good health of his company," he said.

Four Seasons, which is listed on the Toronto stock exchange, has a market value of C$294m (US$223m). It owns or manages 44 hotels in 19 countries, including The Pierre in New York and The Four Seasons, in London.

Mr Sharp is keen to maintain Four Seasons' product and management style for the forseeable future. An outside investor with a strong interest in the travel business is likely to get a more favourable hearing than a rival hotel chain. Mr Sharp and his family own 18 per cent of Four Seasons' shares, but control 70 per cent of the votes. He pledged that the principal condition of any deal would be identical terms for all shareholders. Mr Sharp has retained Goldman Sachs to seek a buyer for all Four Seasons' shares.

Initially, an offer would be made to outside shareholders, followed later by the purchase of the controlling block. Like other luxury hotel operators, Four Seasons has been buffeted by the recession. But the company said yesterday that 1993 earnings, to be published in mid-April, would show very strong operating numbers". Nine-month earnings were C$5.2m, on revenues of C$950m.

# Snecma loss widens to FFr804m

By John Ridding in Paris

Snecma, the French state-owned aero-engine manufacturer, suffered increased net losses of FFr804m ($136m) last year, compared with a deficit of FFr794m in 1992. It resulted from declining sales and the costs of restructuring measures. The company warned of continuing difficulties.

According to the group, which manufactures engines for military and civil aircraft, the losses were largely due to exceptional charges related to the sharp fall in turnover to FFr19.57bn last year from FFr22.84bn in 1992.

Exceptional charges in 1993 rose to FFr995m in 1993 from FFr570m the previous year. Snecma said cost-cutting and restructuring would be "followed and amplified in 1994".

Snecma said there were some reasons for encouragement. Net debts were reduced to FFr1.12bn at the end of last year from FFr2.56bn at the end of 1992.

● Rhône-Poulenc, the chemicals and pharmaceuticals group which was privatised last year, is set to take control of Co-operation Pharmaceutique Francaise (Cooper) following the decision by one of Cooper's largest shareholders to back its FFr3bn bid.

Sabeton, which holds 21 per cent of Cooper, had previously declined to support the offer. Rhône-Poulenc had set a target of winning 67 per cent of Cooper's shares to proceed with the bid.

# Battle for Corange takes further twist

By Roland Rudd in London

The battle for control of Corange, the Bermuda based pharmaceutical group, took a new twist yesterday when its biggest single shareholder threatened to sell his stake.

In advance of tomorrow's special general meeting of Corange, which is the parent company of Boehringer Mannheim, one of Germany's largest healthcare companies, Mr Curt Engelhorn, said he was not prepared to hold shares in a company in which he had no say.

The board is attempting to eject Mr Engelhorn, the 67-year-old German who speaks for 42 per cent of the family-owned Corange's shares through three different trusts, as chairman of the supervisory board of Boehringer Mannheim, a company founded 125 years ago.

He has also been replaced as chairman of Corange, on a temporary basis, by Mr Karl Otto Pohl, the former president of the Bundesbank.

Mr Engelhorn, who was chief executive for 30 years until 1990 when he moved up to the supervisory board, has retaliated by sending a letter to members of the Engelhorn family demanding the resignation of Mr Max Link, Corange's chief executive.

"Mr Link has behaved in a rough, tough, rude manner. He has alienated the workforce," said Mr Engelhorn, who is being advised by Goldman Sachs International, the investment bank.

In his letter to shareholders Mr Engelhorn says: "Certain members of the senior management may have a private agenda which is not necessarily consistent with the interests of the family and shareholders". He criticises Corange 2000, the company's financial strategy, which he says is excessively optimistic.

Mr Engelhorn warns that planned investments cannot be met through cashflow nor by additional debt. "Thus the only alternative would be to go public". Mr Pohl, along with four other independent directors, have threatened to resign if they lose tomorrow's vote.

Mr Peter Warburton, international counsel to Corange, which had worldwide sales last year of $3.2bn, said Mr Engelhorn had been displaced as chairman because of a breakdown in confidence between the board and Mr Engelhorn.

Mr Engelhorn is unlikely to sell his shares until after the annual meeting in May.

# Kodak launches unit for electronic imaging

By Martin Dickson in New York

Mr George Fisher, who took over last December as chairman of Eastman Kodak, the photographic products company, has taken one of his first significant moves to shake up the business – the formation of a new unit to spearhead its involvement in the emerging market for electronic imaging.

Mr Fisher, former chief executive of electronics group Motorola, took over at Kodak when shareholder unrest over the company's lacklustre earnings led to the resignation of the chairman, Mr Kaye Whitmore.

Kodak said it was forming a separate worldwide unit for digital and applied imaging and was looking outside the company for someone to head the operation.

The unit will initially comprise several Kodak businesses – applied imaging, CD imaging, printer products and the company's equipment and software platform centre.

Most of Kodak's photographic earnings come from traditional film, which uses a chemical process, the sensitivity to light from silver halide salts.

However, Kodak has long feared this business could ultimately be superseded by the rapidly growing market for digital, electronic imaging.

The company is a significant force in electronic imaging – for example in its invention with Philips of the Netherlands) of the photo CD system. But critics said that under the previous management they were uncertain how much clout the electronic side carried within the group.

Mr Jack Thomas, president of Kodak's imaging group, said "our traditional businesses will continue to furnish the majority of our earnings for a long time. However, fuelled by digital technology, digital imaging is growing faster than conventional photography".

# Hermès bucks trend with 19% improvement

By Alice Rawsthorn in Paris

Hermès International, the French leather goods group, last year bucked the downturn in the global luxury goods market with a 19 per cent increase in net profits to FFr210m ($35.6m) from FFr176m in 1992.

The group, which ended its long tradition of independence last June by going public on the Paris secondary market, said that it expected to achieve yet another increase in profits for 1994 after a "strong performance" in the opening months of the year.

Hermès' strategy of concentrating on the top of the luxury market helped it to achieve a sales increase of 16 per cent to FFr2.85bn in 1993 from FFr2.46bn in 1992.

Operating profits rose by 19 per cent to FFr406m from FFr341m over the same period.

The board proposed raising the net dividend to FFr4.10 a share against the payment of FFr3.70 in the previous year.

# Eridania Béghin-Say

## Further earnings improvement and focus on key businesses

The Board of Directors of ERIDANIA BEGHIN-SAY met on March 30th 1994 under the chairmanship of Mr. Renato PICCO. Consolidated accounts for the year ended December 31st 1993 were reviewed and approved.

The essential consolidated figures are the following:

| *(FF million)* | *1993* | *1992* | *% Change* |
|---|---|---|---|
| Net Sales | 50,907 | 49,741 | + 2.3% |
| Operating income | 4,040 | 3,618 | + 11.7% |
| Pre tax income from continuing operations | 2,800 | 2,280 | + 22.8% |
| Net income – Group share | 1,344 | 1,278 | + 5.2% |
| Total shareholders's equity | 16,582 | 16,087 | |
| Net financial indebtedness | 12,509 | 14,147 | |

Most of the company's activities showed improved operating income despite a difficult overall context. This performance confirms the wisdom of the significant reorganisation undertaken in 1992.

Futhermore, refocussing on key activities was illustrated, notably, by the sale at year end of the Group's Animal Feed business in North America.

The ratio of net financial indebtedness to total shareholders'equity was 0.75 at 31 December 1993 versus 0.88 one year earlier. Assuming conversion of all convertible bonds, that ratio would be 0.57 on December 31st 1993.

Net earnings (after minority interests) came to FF 58.10 per share in 1993 versus FF 56.50 in 1992.

*
* *

The Board also approved the accounts of the parent company, ERIDANIA BEGHIN-SAY SA, showing net income of FF 895 mm.

The Board will propose to the Annual General Meeting of Shareholders that dividends in the amount of FF 694 mm be distribued, versus FF 678 mm for 1992. The dividend per share and per investment certificate would thus be FF 30, before tax credit, same as last year.

**JUPITER TYNDALL GLOBAL FUND, SICAV**
Registered Office:
Luxembourg, 13 rue Goethe, R.C. Luxembourg B 34 593

**DIVIDEND NOTICE**

The Directors resolved on 30 March 1994 to pay a dividend of 2 pence per share to shareholders of the High Yield Portfolio on record on 30 March 1994 payable on 5 April 1994.

*By order of the Board*



# THE WEEK AHEAD

## DIVIDEND & INTEREST PAYMENTS

■ **YESTERDAY**
Burtonwood Brewery 7% Cm. Pf. 2.45p
E-Systems $0.30
Premark Int. $0.28
Tarmac Fin. (Jersey) 9½% Cv. Cap. Bd. 2006 £47.50

■ **TODAY**
AAH 4.2% Cm. Pf. 2.1p
Abbey National Treasury 8% Gtd. Bd. 2003 £80.0
Do. 10¼% Nts. 1994 $102.50
Aitken Hume Int. 7% Cv. Pf. 3.5p
Amicable Smaller Enterprises Tst. 1.7p
Annuities 2½% £0.625
Annuities 2¾% £0.6875
Asda Grp. 0.55p
Blick 6.9p
Blockbuster Ent. $0.025
Bradford Property Tst. 10½% Cm. Pf. 5.25p
Carlton Comms. Cv. Pf. 0.54247p
Cleveland Place Hldgs. 3¾% Irrd. Db. £1.875
Do. 4¼% Irrd. Db. £2.125
Consolidated 2½% £0.625
Crest Nicholson 5½% Cv. Cm. Pf. 2.75p
CRH 7% A Cm. Pf. IR2.625p
Davenport Vernon 2.7p
Dewhurst 1.4p
Do. A N/Vtg. 1.4p
Drayton Far Eastern Tst. 0.55p
El Du Pont De Nemours 8% Nts. 2002 $80.0
Edinburgh Inv. Tst. 5¾% Db. 1998 £2.875
Fleming Enterprise Inv. Tst. 1.4p
Fleming High Inc. Inv. Tst. 1.1p
Foster's Brewing A$0.0275
Galliford 0.5p
Granada 5.725p
Greece (Kingdom of) 4% Rentes 1889 20p
Do. 4% Stlg. Fd. 1965 50p
Do. 4% Ln. 1910 19.85p
Do. 4% Ln. 1910 Stlg Fd. 1965 50p
Hambros 7½% Cm. Pf. 3.75p
Hampson Inds. Cv. Pf. 1991/2003 3.25p
Hydro-Quebec FRN Ser.IJ Oct.2005 $129.17
Italy (Rep.of) 9⅝% Nts. 1997 $937.50
Kleinwort High Inc. Tst. 1.875p
Leo 1 Class A1 Mtg. Bckd. FRN 2035 £1168.01
Do. Class A2 £1511.47
Leo 2 Class A1 Mtg. Bckd. FRN 2032 £51.18
Do. Class A2 £52.14
Maruetsu 6.45% Bd. 1997 Y645000.0
Do. 6.45% Bd. 1998 Y645000.0
Metropolitan Water Grand Junction Water 3% Db. £1.50
Do. West Middx. Water 3% Db. £1.50
Misys 3p
MITIE 2p
Morton Sundour 3½% 1st Cm. Pf. 1.75p
Mat. Home Loans Corp. Secd. FRN 1995 $1.96
New South Wales Treasury 12.1% Gtd. Exch. Bd. 1995 A$605.0
Norway (Kingdom of) 5⅛% Nts. 1995 Y51250.0
Pepsico Cap. 8% Cv. Sb. Db. 1996 $80.0
PSIT 1.75p
Ptarmigan Int. Cap. Tst. 0.825p
Sabre Lease Mngmt. 7¼% Mezzanine Sec. Nts. 2001 £74.51
Do. 5.8% Snr. Sec. Nts. 2001 £596.11
Scottish American Inv. 1.18p
Seacon Hldgs. 3.4p
Securicor 2.229p
Do. A N/Vtg 2.229p
Do. 4.55% Cm. Ptg. Pf. 43.855p
Security Services 4.151p
Sinclair (Wm) 1.7p
Spain (Govt.of) 4% £2.0
State Bank of New South Wales 8% Bd. 2003 NZ$80.0
Sun Alliance 7⅜% Cm. Irrd. Pf. 3.17226p
TSB 4.53p
Treasury 8% Ln. 2002/08 £4.0
Treasury 3% (1975 or after) £1.50
Unitech 2.24p
Usher (Frank) 2.5p
Willis Coroon 1.65p
Yeoman Inv. Tst. 1.5p

■ **TOMORROW**
Adscene 2.5p
Anglian Water 7.3p
Ashtead Grp. 1.3p
Bampton Property 7¾% Un. Ln. 1991/96 £3.875
Barbour Index 2.7p
Barr (AG) 4.75p
Bellway 9.5% Rd. Pf. 2014 4.75p
Bromsgrove Inds. 1.65p
Bullough 4.3p
Caldwell Invs. 0.6125p
Cantors 1p
Carlton Comms. 11.3p
Cassidy Brothers 0.75p
Countryside Properties 2.7p
Cray Elects. 0.75p
Delepak Foods 0.5p
Electron House 1.2p
Essex Furniture 1.8p
Eurocopy 1.2p
First Leisure 4.53p
First Philippine Inv. Tst. 0.2p
Fletcher Challenge NZ$0.0625
Gestetner 1.2p
Gibbs & Dandy 1.5p
Do. A N/Vtg. 1.5p
Gibbs Mew 3.75p
Gold Greenlees Trott 3.3p
Govett $0.18
Greenalls 8% Irrd. Un. Ln. £4.0
Do. 9⅛% Irrd. Un. Ln. £4.5625
Hanson 2.85p
Hawtin 0.7p
Heath (Samuel) 1.5p
Hollas 0.3p
Intercare 2.8p
Irish Permanent Bldg. Scty. FRN 1998 £141.47
Jacques Vert 1.5p
Jones Stroud 3.5p
Kershaw (A) 18p
Do. 12½% B Non-Cm. Pf. 1.96875p
Kleeneze 1p
Lonrho 2p
Marshalls 1.25p
McMullen 6½% Cm. Pf. 3.25p
Do. 10½% Cm. Pf. 5.25p
Merivier-Swain 1.3p
Microgen 5.05p
Mid Wynd Int. 2.5p
NFC Var. Vtg. 2.6p
Northumbrian Water 8.1p
North West Water 7.67p
Peel Hldgs. 1.3p
Prospect Inds. 0.525p
PWS Hldgs. 2.5p
Quayle Munro 3p
Rubicon Grp. 1.8p
Saville Gordon 1p
SEP Indl. 0.45p
Severn Trent 7.55p
Southern Water 7.7p
South West Water 8.4p
Sturge Hldgs. 2p
Trafalgar House 2p
Wessex Water 8p
Westpac Bkg. FRN 1995 $17.57
Whitbread 9% Un. Ln. 1997/2001 £4.50
Willoughyby's Cons. 1p
Do. Pf. 1p
Yorkshire Water 7.6p

■ **THURSDAY**
**APRIL 7**
Bradford & Bingley Bldg. Scty. 13% Perm. Int. Brg. £650.0
Bradstock 3.95p
Browning-Ferris $0.17
Burford 0.75p
Colefax & Fowler 0.5p
Electronic Data Processing 3.5p
English & Caledonian Inv. 1.25p
Fleming American Inv. Tst. 0.65p
Heavitree Brewery 3p
Do. A Lim/Vtg. 3p
Hill & Smith 4.1p
Koito Mfg. 6½% Bd. 1999 Y650000.0
Matthew Clark 7.25p
Photo-Me Int. 1.5p
Regent Inns 1.75p
Scottish National Tst. 1.55p
Selective Assets Tst. 1.45p
Shoprite Grp. 1.6p
Takashimaya FRN Jan.1998 Y61562.0
Welsh Water 8.45p
Wills Grp. 0.115p
WMX Tech. $0.15

■ **FRIDAY**
**APRIL 8**
Alexanders Hldgs. 0.5p
Do. A (Rest/Vtg.) 0.5p
Baldwin 1.9p
Baring Tribune Inv. Tst. 4.9p
Brunner Inv. Tst. 2.85p
Chrysalis 3.25p
Courts 2p
Domino Printing 5.3p
Dudley Jenkins 1.05p
Eurotherm 6p
Flying Flowers 1.35p
Kleinwort Charter Inv. Tst. 3.9p
Liberty Life Assoc. of Africa R0.84
London Fin. & Inv. 0.5p
Parkdean Leisure 1.3p
River & Mercantile Tst. Inc. 2.45p
Schlumberger $0.30
Slebe 3.66p
Singapore Para Rubber Estates 1.9p
Stakis 0.55p
Tomkins 2.08p
Torex Hire 0.6p
Trust of Property Shares 1.5785p
Warner Estates 7.35p
Wholesale Fittings 3.23p
Yorkshire Chemicals 5.5p

■ **SATURDAY**
**APRIL 9**
Burlington Grp. 0.6p

## UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
**GWR Grp.**, Marriott Hotel, Pipers Way, Swindon, 2.00

BOARD MEETINGS:
Finals:
**Bletchley Motor**
**Clarke Nickolls**
**Gates (Frank G)**
**Home Counties Newspapers**
**Int. Business Comms.**
**Quarto**
**Severfield-Reeve**
**Stylo**
**Thompson Clive Inv.**
Interims:
**Beckman (A)**

■ **TOMORROW**
COMPANY MEETINGS:
**Baldwin**, The Registry, Royal Mint Court, E.C., 10.00
**Heavitree Brewery**, Trood Lane, Matford, Exeter, 11.30
**McAlpine (Alfred)**, The Brewery, Chiswell Street, E.C., 12.00
BOARD MEETINGS:
Finals:
**City Centre Restaurants**
**Friendly Hotels**
**Pittards**
Interims:
**Hammerson Property Inv. & Dev.**
**Manchester Utd**

■ **THURSDAY**
**APRIL 7**
COMPANY MEETINGS:
**British Petroleum**, Barbican Centre, Barbican, E.C., 11.00
**Fidelity European Values**, 25, Lovat Lane, E.C., 12.00
**Lloyds Bank**, 71, Lombard Street, E.C., 2.30
**Owners Abroad**, Astral Towers, Betts Way, Crawley, 9.00
BOARD MEETINGS:
Finals:
**AMEC**
**Alexandra Workwear**
**Brammer**
**Goldsmiths**
**Gowrings**
**Hewden-Stuart**
**INVESCO**
**Middlesex Hldgs.**
**Owen & Robinson**
**Regal Hotel**
**Sentry Farming**
**Wilkes (J)**
Interims:
**Black & Edgington**
**TR City of London**
**Wardle Storeys**

■ **FRIDAY**
**APRIL 8**
COMPANY MEETINGS:
**City Merchants High Yield Tst.**, 11, Devonshire Square, E.C., 12.00
**Jessups**, Institute of Chartered Accountants, Moorgate Place, E.C., 11.00
**Oriental Smaller Co's Inv. Tst.**, Shackleton House, 4, Battle Bridge Lane, S.E., 12.00
BOARD MEETINGS:
Finals:
**Chepstow Racecourse**
**Laird**
**TDS Circuits**

*Company meetings are AGMs unless otherwise stated.*
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

*This announcement appears as a matter of record only*

*New Issue* *March, 1994*

# TOA CORPORATION

## U.S.$150,000,000

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**DKB International** — **Yamaichi International (Europe) Limited**
**Bank of Tokyo Capital Markets Limited** — **Barclays de Zoete Wedd Limited**
**Daito Securities Europe Limited** — **Deutsche Bank AG London**
**Kankaku (Europe) Limited** — **KDB Bank (UK) Limited**
**Lehman Brothers** — **LTCB International Limited**
**Merrill Lynch International Limited** — **J.P. Morgan Securities Ltd.**
**Morgan Stanley & Co. International** — **Okasan International (Europe) Ltd.**
**Sakura Finance International Limited** — **Salomon Brothers International Limited**
**Société Générale** — **Tokyo Securities Co. (Europe) Limited**
**UBS Limited** — **S.G.Warburg Securities**

# HSBC

**Effective May 9, 1994**

Carroll McEntee & McGinley Incorporated
*becomes*
## HSBC Securities, Inc.

CM&M Futures Inc.
*becomes*
## HSBC Futures, Inc.

CM&M Futures (Singapore) Pte Ltd.
*becomes*
## HSBC Futures (Singapore) Pte Ltd.

For over a decade, CM&M has enjoyed a prosperous affiliation with the London-based HSBC Group, one of the largest financial services organizations, with over US$300 billion in assets.

The Group offers worldwide experience, knowledge and expertise in all capital markets businesses.

***We thank you for your support and look forward to serving your global financial needs with our new HSBC identity.***

*Member HSBC Group*

# The Markets

THIS WEEK

Global Investor / **Bronwen Maddox**

## Beware of Italian brio

Some things – although not many – are clearer about the *Italian* markets. The "meltdown" scenario which investors feared if the election winner looked unable to form a government now looks remote, although this week may see some post-election consolidation.

Even for those who have scarcely dabbled with Italian assets, the markets' behaviour now deserves scrutiny. Italy offers a case study on dealing with political uncertainty at a turning point in the economic cycle when corporate prospects are particularly hard to judge.

European investors are hardly strangers to political uncertainty. After the jitters in sterling markets in the last two weeks, because of worries about divisions within the Conservative party over European voting procedures, they may feel they have had their share.

However, now that the marathon of German elections, which will last until the general election in October, has kicked off with the Lower Saxony parliament elections last month, they can hardly avoid it. Investors' skills at reading the financial implications of political turmoil will be at a premium.

Mr Silvio Berlusconi's victory, which was welcomed by all the Italian markets, has made some of the investment parameters clearer.

On the currency front, investors now have more confidence in saying that the exchange rate of L1000 to the D-Mark seen before the election is likely to be the limit of weakness. Last week saw the lira strengthen to L963 to the D-Mark. The spread between Italian and German bond yields is also narrowing, heading towards 250 basis points, from 300.

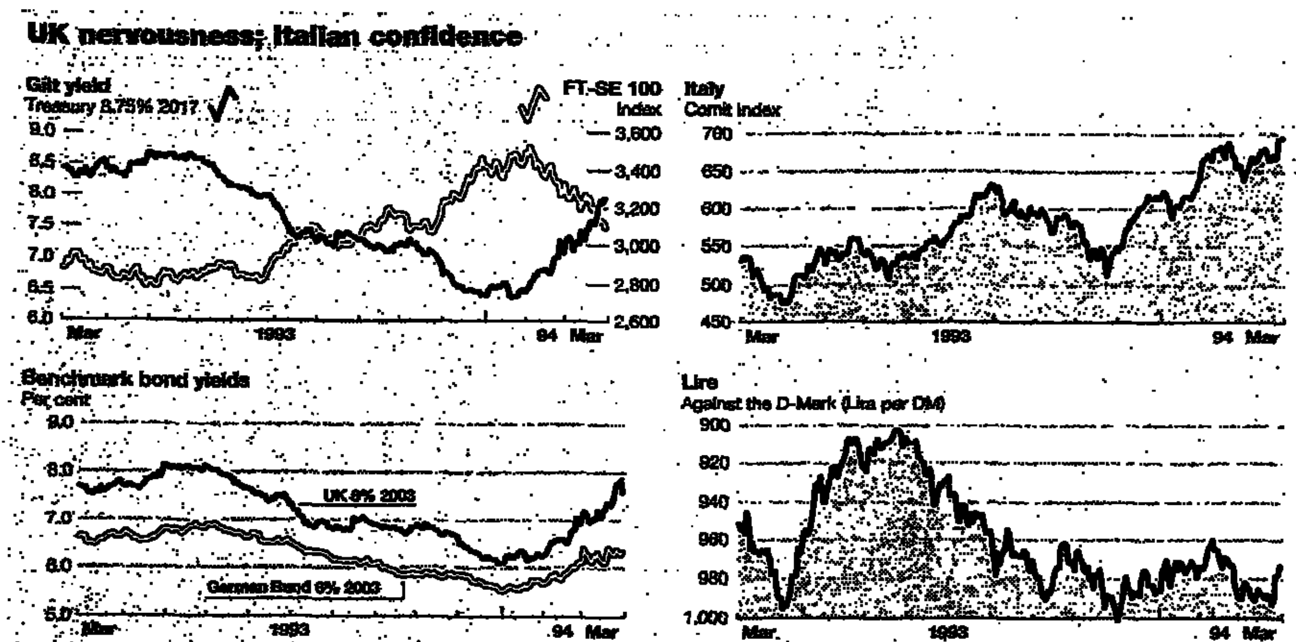
Against that background, some of the leading Italian stocks continue to look excellent value fundamentally compared with their European counterparts. For instance, SIP, the domestic telephone network operator, is now valued at 3.1 times estimates of 1994 cashflow, a discount of between 30 per cent and 100 per cent to companies such as Spain's Telefonica or the UK's British Telecom. Its capital expenditure peaked in 1991, and last year it turned the corner from consuming cash to generating it.

Nonetheless, although the best stocks still warrant investment, the markets' present strength offers a chance to reduce holdings across the board. Investors should seriously consider taking that chance, given the uncertainty that remains.

Investors say that the former communist party of the Democratic Left (PDS) went to some lengths to win their confidence, but that Mr Berlusconi has made less attempt to cultivate the markets, and that the investment implications of his victory are unknown.

While investors feel confident that the privatisation programme will continue and may even speed up, the impact of mooted tax cuts on Italy's ability to finance its debt is high among their concerns. The form of the indirect tax rises which are intended to compensate for the tax cuts also remains unclear.

Before Mr Berlusconi assembles a coalition, little can be judged of the new government's plans for cutting government spending or whether these hopes are achievable. Until the answers become clearer, investors may well put caution first and take profits.




### ■ Time for bonds

Traders in the City are braced this *morning* for bond and equity markets to fall following the sharp drop in US markets yesterday.

US employment figures, which showed that the American economy is forging ahead, reawakened *fears* of a further rise in interest rates, possibly as soon as this week.

That is exactly the threat which had deterred investors from re-entering the bond markets in the two months since the Federal Reserve's last rate rise.

However, the markets' immediate jitters aside, investors may well find this latest alarm marks a good point to consider buying bonds again.

Fears of a sustained rise in US inflation may be premature. Commodity prices have flattened out while Friday's figures suggested that wage inflation has stayed low. Nor did Friday indicate that manufacturing industry would provide a spur to inflation; growth in employment came in the retailing, entertainment and business services sectors.

Moreover, bond analysts were saying last week that the long queue of forced sellers which has kept the market down may be ending.

The main wave of selling by the large American hedge funds may now have passed, as may the unloading of stock by the proprietary trading desks of banks which report quarterly and wanted to cut positions by the end of March.

Gilts selling in particular now looks overdone. While the markets remain nervous of any inflationary indications, the inflation rate in the next 10 years, implied by the yields on 10-year index-linked stock, is 4.4 per cent, more pessimistic than the same houses' economists are forecasting.

The UK also looks unjustifiably cheap compared with benchmark German bonds. In late January the yield on 10-year gilts was 50 basis points above comparable stocks on the Bund. The gap has now more than trebled, and much of that opened before the market's unease about Conservative party turmoil.

That is not to say that German bonds are now overvalued. The wage settlements by the public sector unions and by IG Metall, the engineering union, last month have gone *some way to calming fears* about German inflation.

Investors' worries about UK inflation picking up again, which may restrain the degree of exposure they want, are understandable. However, the discrepancy between German bonds and gilts may reassure them that most worries are reflected in the price, and that the risks of re-entering the market are lower than for some time.

For some of the same reasons, high yielding UK equities also offer new attractions. They have fallen back with the rest of the equity market in the correction which has accompanied the bond market selling.

While many investors have been picking over the results reporting season with an eye to high earnings growth, they may still find appeal in the high yields now available. The financial sector and utilities have been particularly hit in the setback. "Heaven's the wrong word, but it is a great opportunity", says Mr Hilton Seely, head of the high-yield desk at Kleinwort Benson Securities in London.

Those who take a more cautious view of the inflation outlook can take advantage of anomalies which have opened up during the recent gyrations.

Food retailing and manufacturing stocks such as Argyll, Tesco, Unilever and Hillsdown are good examples. The UK market has broadly treated the industries as if they fare well in inflationary times. That assumes that they can edge up their prices even if economic conditions deteriorate, an assumption partly undermined by the current restructuring in the food retailing sector.

However, demand for food is generally insensitive to price, while many agricultural products are supplied under the European Common Agricultural Policy and prices have been flat or declining. As these raw materials can make up more than half of operating costs for domestic food manufacturers, companies are partly shielded from inflationary pressures, allowing them to raise margins.

Nevertheless, food stocks have suffered during the market's recent weakness, even though that has been partly because of the same inflationary fears which have troubled bond markets.

As the stocks provide something of a hedge against inflation, investors who are nervous about the economic outlook may find them attractive.

**Total return in local currency to 31/3/94**

| | US | Japan | Germany | France | Italy | UK |
|---|---|---|---|---|---|---|
| | % change over period | | | | | |
| **Cash** | | | | | | |
| Week | 0.07 | 0.06 | 0.11 | 0.12 | 0.16 | 0.10 |
| Month | 0.30 | 0.21 | 0.51 | 0.53 | 0.70 | 0.43 |
| Year | 3.50 | 3.28 | 6.81 | 8.25 | 11.63 | 5.81 |
| **Bonds 3-5 year** | | | | | | |
| Week | –1.68 | 0.96 | –0.34 | 0.25 | 0.97 | –2.35 |
| Month | –0.74 | 0.39 | 0.11 | –0.21 | 0.81 | –1.51 |
| Year | 2.59 | 6.22 | 7.23 | 9.70 | 21.33 | 6.22 |
| **Bonds 7-10 year** | | | | | | |
| Week | –3.42 | 0.63 | –1.59 | –0.11 | 1.48 | –3.45 |
| Month | –1.47 | –0.29 | –0.28 | –1.41 | 0.28 | –3.21 |
| Year | 2.67 | 6.43 | 7.11 | 10.62 | 28.45 | 6.83 |

Source: Cash & Bonds - Lehman Brothers. The data for equities was not available. The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

### ■ Chocaholic investor

*Replete with chocolate after* the Easter break, investors might turn their thoughts to cocoa futures. Worldwide demand for cocoa – most of which is used for making chocolate – has been rising at about 3.5 per cent a year for some time, both because of world population growth and because some people are eating more chocolate.

The past year was the third in a row in which demand exceeded supply and world stocks shrank. That helped send the price from £663 per tonne last summer to more than £1,000 per tonne at the start of this year.

It is unclear how much weight can be put on the five-year producers pact agreed in February. But if it has any effect, it will be to strengthen the price. Recent profit-taking has pulled the price back to £900 per tonne but that is likely to be quickly regained on any news of crop setbacks or unexpectedly high consumption levels. The present prices offer investors a chance to back the world's sweet tooth.

Economic Eye / **David Walton**

## Predicting inflation trends

For a number of years policymakers have recognised that commodity prices may play a potentially useful role in predicting *inflation* trends. There was even a period in the late 1980s when the seven major industrialised countries formally adopted a commodity price basket to help guide monetary policy.

Recent remarks by Mr Alan Greenspan, the Fed chairman, that gold prices are a valuable indicator of inflationary expectations suggest that, at least in the US, commodity prices may once again be influencing monetary policy decisions.

The idea that commodity prices may play a causal role in the inflation process is not new. Many economists have emphasised the role of commodity prices, especially oil prices, in the inflationary booms of 1973-75 and 1979-81 and the subsequent disinflation of the 1980s.

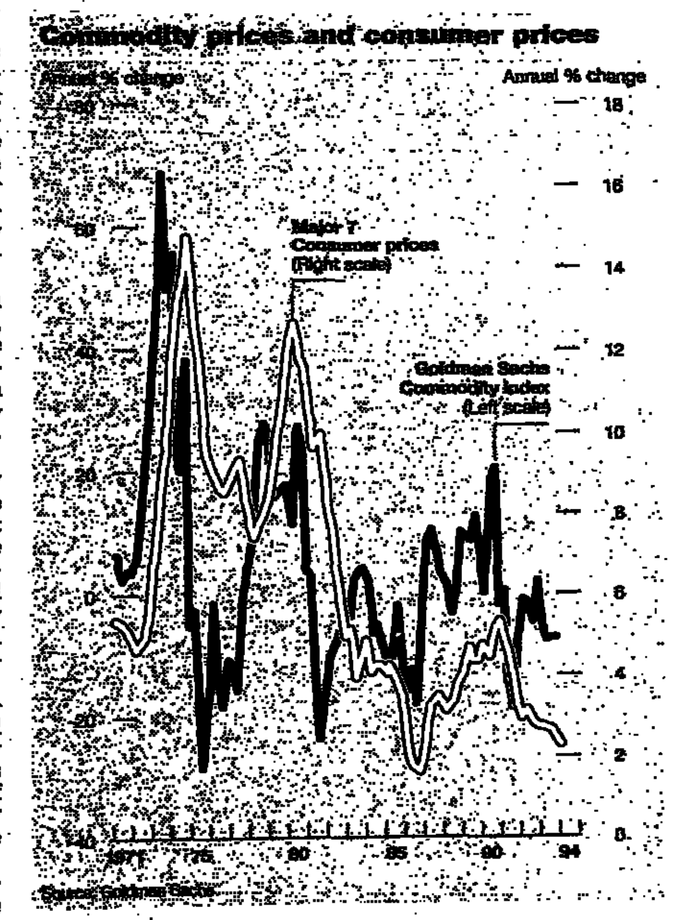
At the moment, global financial markets have a heightened sensitivity to inflation. Any pick-up in commodity prices could easily spark fears of tightening in monetary policy by the Fed and *limit the scope* for easing in other countries.

The financial markets' nervousness in part reflects the rise in a range of commodity price indicators over the past year. Yet the links between commodity prices and inflation are complex, and the inflationary implications of the recent increases is far from clear.

A commodity price indicator is intuitively attractive for a number of reasons. First, generalised rises in commodity prices can represent early signs of inflationary pressure.

*Most obviously,* a rise in food and oil prices will have an immediate impact on consumer prices. More generally, increases in the price of raw materials will raise industrial production costs, which may then be passed on to the consumer in the form of higher finished goods prices.

Second, commodity prices are sensitive to monetary policy changes. A relaxation of monetary policy may lead ultimately to higher inflation as the additional demand generated in the economy boosts the prices of *commodities* and manufactured goods. But because commodities tend to be traded in highly competitive markets, their prices generally adjust more rapidly than either wages or the prices of finished goods. Commodity prices may *therefore* serve as an early lead indicator of future movements in consumer price inflation.




Third, commodity prices may act as a catalyst to the inflation process. Jumps in commodity prices are generally temporary, and often reverse themselves within two or three years. Yet shocks to consumer price inflation often show a high degree of persistence.

To sustain the inflation process, other forces within the economy must therefore act to reinforce a commodity price shock. For instance, a rise in *consumer* price inflation resulting from a commodity price shock may create upward pressure on wages as workers seek to maintain their real standard of living. This then feeds back into *domestic* prices, which creates the potential for yet another upward move in wages and so on. Thus an initial shock from commodity prices could have a lasting effect on inflation.

The extent to which commodity prices show up in consumer price inflation depends on the source of the shock to *the* economic system and the policy stance of central banks.

If an increase in commodity price inflation is met with tighter monetary policy, this would have the effect of slowing the rate of increase of other prices in the economy. This would alter the relative price between commodities and other goods while leaving the overall rate of inflation unchanged. A commodity price shock should only prove inflationary *if it is accommodated* by central banks.

Clearly the link between commodity prices and inflation is far from automatic. For one thing commodity prices are very much more volatile than consumer prices. This alone calls into question their reliability as inflation indicators.

Nevertheless, there is a similarity betweens cycles in commodity price inflation and consumer price inflation in the main industrialised countries as the graph shows. There is also a tendency for peaks and troughs *in commodity price* inflation to precede those in consumer price inflation.

Yet while the linkages between commodity prices and consumer prices are important, they do not seem stable enough to be able to draw strong conclusions about the extent to which consumer prices will respond to any change in commodity prices.

Often large commodity price increases can occur because of temporary supply disruptions. Yet in most cases these would be unlikely to have general inflationary implications.

For this reason it is better to look at the behaviour of baskets of commodities rather than to concentrate on individual price movements. If the price of several commodities are rising strongly, this is more likely to be in response to global demand conditions than to unusual supply conditions in any individual market.

Even so, the signals from *different commodity price* indices can be quite different depending on the commodities included and the weights attached to each one.

The Economist index, for example, shows that commodity prices are up by 12 per cent in dollar terms over the past year. Yet this index excludes oil prices, which are down by 30 per cent over the same period. The CRB index, which includes crude oil but with the same weight as orange juice and the other 19 components, is up by 9 per cent.

By contrast, the Goldman Sachs Commodity Index, which includes 19 commodities that are assigned weights reflecting their importance in world production and consumption, shows a rise of 3 per cent since the beginning of 1994, although this still leaves the level of commodity prices 8 per cent lower than a year ago.

So should financial markets be worried about the recent *upturn* in commodity prices? Almost certainly not. Although the US and UK economies appear to be growing strongly, the same cannot be said for Japan and the rest of Europe.

The amount of slack in the world economy is still large, as shown by high levels of unemployment. In this environment it is hard to see how a rise in commodity prices could act as a catalyst for a sustained rise in consumer price inflation. For this to occur labour markets will need to tighten considerably first. Commodity prices may have turned, but this carries few worries for inflation at the current time.

*David Walton is senior international economist at Goldman Sachs.*

# WORLD BOND MARKETS: This Week

## NEW YORK — Richard Waters

Whatever minor distractions the Treasury bond market may have in the coming days, there are only two questions hanging over it: when will the Federal Reserve next raise rates, and by how much?

Any lingering doubts that another rate hike is on the cards seemed to be dispelled by Friday's figures showing a 456,000 seasonally-adjusted rise in non-farm payrolls in March.

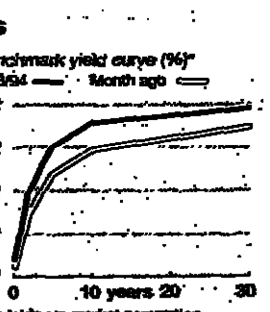
This was nearly double the consensus estimate on Wall Street and appeared to confirm that economic growth in the first quarter, though dented by bad weather, had not slowed by as much as had been expected from the buoyant fourth quarter of last year.

Officially, the markets were closed for the Good Friday holiday, but there were enough traders on hand to mark prices down by around a point and a half.

That judgment was confirmed when the market got back to work in earnest yesterday morning, with the yield on the benchmark long bond hovering around 7.25 per cent.

The Federal Open Markets Committee, which determines interest rate policy, is not due to meet again until May 17.

In a market that is scared of its own shadow, though, last Friday's news raised fresh fears that it will act sooner.




## LONDON — Philip Coggan

Gilts will start the week in an uneasy mood as bond markets around the world react to the strong US employment figures announced on Friday.

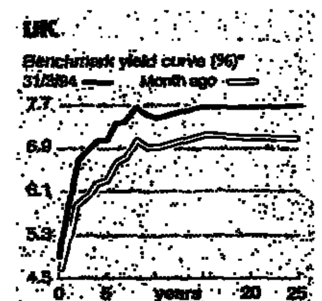
For a while last week it seemed the gilts market might have turned a corner, given the success of the floating rate auction last Wednesday and a rally in the long gilt future.

Mr Ian Shepherdson, UK economist at Greenwell Montagu, thinks the worst of the bear market may be over, as institutional demand for gilts seems to be aroused when yields reach 8 per cent.

Nevertheless, the weakness of the US bond market and UK political worries may prevent a sharp rally in the near term, he believes. Hopes of a rate cut seem to have diminished, thanks to sterling's weakness.

Mr Nigel Richardson, head of bond research at Yamaichi International (Europe) says that Wednesday's M0 data, the narrowest measure of the money supply, is likely to show a rise in the annual rate to 5.7 per cent, from 5.5 per cent in February. Notes and coins figures will be particularly strong, possibly because of the Easter holidays.

However, the market may not pay much attention to M0 which the authorities seem to have downgraded as an inflationary indicator. In last week's Treasury monetary report, M0's refusal to fall within its 0-4 per cent target range was not mentioned.




## FRANKFURT — Tracy Corrigan

German 10-year bond yields ended last week unchanged on the previous week at 6.30 per cent, but the market has yet to take account of the latest economic news from the US, which has lifted chances of a further US interest rate rise this week.

Against this background, an expected cut of 3-5 basis points in the Bundesbank's repo rate is likely to have little impact. The Bundesbank repo results are due on Wednesday, when DM82.1bn of repos expire.

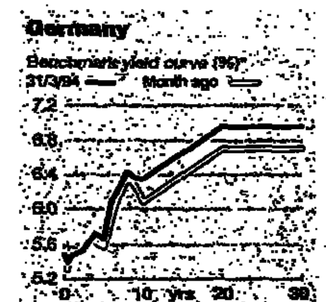
Instead, any attention not trained on the US market is likely to be focused on German economic data.

The market reopens today, after the long Easter weekend, to a slew of economic data this week, which includes manufacturing orders, output and unemployment.

According to market surveys by IDEA, the market is expecting unemployment in March to show a rise of 10,000 to 35,000. The ranges for industrial and manufacturing production in February, month-on-month, are down 0.6 per cent to up 0.3 per cent and down 0.3 per cent to up 0.7 per cent respectively, according to IDEA.

The range for manufacturing orders in February is down 0.5 per cent to up 0.5 per cent.

Traders will be on the look-out for signs of economic recovery, which could reduce the likelihood of further rate cuts by the Bundesbank.




## TOKYO — Emiko Terazono

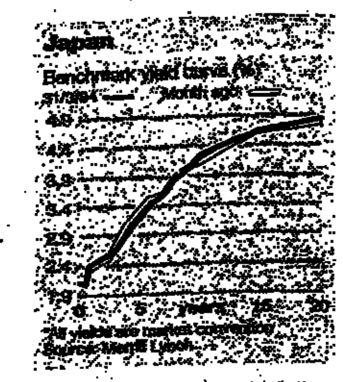
The renewed rise in the yen against the dollar triggered by US-Japan tensions over trade is expected to provide support for the government bond market this week.

Bond traders expect the yen's appreciation to depress corporate earnings, and hence delay recovery in the economy. A possible barometer of investor confidence will be the auction for April government bond issues scheduled for this week.

Although the ministry of finance may be forced to postpone the auction due to the parliamentary wrangling over the budget talks, analysts expect institutional investors' appetite for long-term bonds, to have improved considerably due to the turn of the new business year.

Volatility in the stock markets due to increased political turmoil has decreased alternative investments. However, the key for movements of the No 157 10-year benchmark will continue to be price movements in the US Treasury market.

Investors are focusing on the Bank of Japan's branch managers' meeting held for the three days to Wednesday. In spite of some bright economic indicators, especially in the consumption area, government officials and central bankers remain cautious about the economy and towards pointing to the end of the recession.




Capital and Credit / **Antonia Sharpe**

# Investors show doubt over Berlusconi

Mr Silvio Berlusconi may have wowed the Italian public with his slick election campaign but he will have to come up with something more substantial to win over the investors on whom Italy relies to bankroll its budget deficit.

"Is he the right person to lead Italy out of its current crisis?" asks Mr Darren Williams, European economist at Merrill Lynch in London. "To my mind, Fininvest, his high-growth, highly-indebted company, is a microcosm of Italy and where it has gone wrong over the last 20 years."

The volatile performance of the Italian government bond market last week suggests that investors harbour similar doubts about the media magnate who is poised to take over as Italy's prime minister.

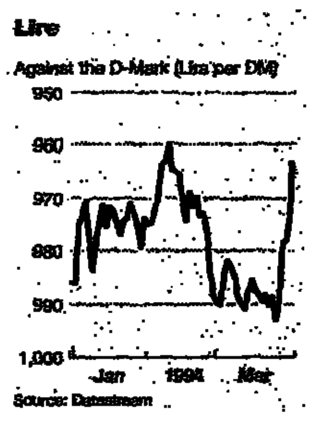
On Monday, before the election results were published, the market rallied by nearly three points on rumours that Mr Berlusconi's right-wing alliance would win an absolute majority in the lower house.

The market then fell back on fears that he would have difficulty in forming a strong government because of the policy differences between his two coalition partners, the Northern League and the MSI/National Alliance. Bond prices also eased on worries that the new government would sacrifice fiscal restraint for economic growth. Then on Thursday, the market jumped by more than 1½ points on signs of progress in forming a government.

Analysts believe Mr Berlusconi will succeed in bringing his partners together but that this achievement will not be enough to protect the market against further volatility.

Mr José Luis Alzola, southern European economist at Salomon Brothers, says that the risks of investing in Italian bonds are still substantial and will only be reduced if the new government takes tough measures.

The most pressing task will be to redress the slippage in Italy's budget deficit which has already overshot its 1994 target of L145,000bn ($88.71bn) by L15,000bn. "Part of the shortfall will have to be addressed through a mini-budget . . . the new government will have to reassure financial markets that it will not let the deficit grow again," says Mr Alzola.




Measures to reduce the deficit, either by raising indirect taxes or cutting expenditure, would appear to contradict Mr Berlusconi's electoral promises to cut taxes. "The market will have to take the tax-cutting talk with a pinch of salt, just as the UK should have done when the Conservatives said they wouldn't raise taxes," says Mr Williams.

Analysts say that if investors are prepared to put up with the volatility which goes hand-in-hand with political uncertainty, Italy's improving economic fundamentals should enable them to make significant gains in Italian government bonds this year.

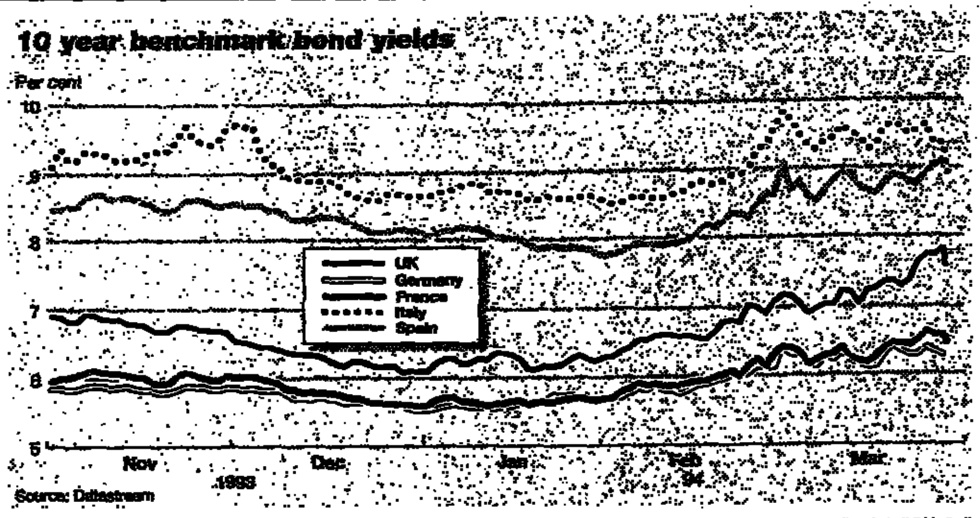
A widespread view that the lira will strengthen against the D-Mark should attract foreign investors in particular. Mr Alzola estimates the lira's purchasing power parity against the D-Mark to be around L875 to the D-Mark, though he believes that the lira will stabilise around L925, up from a current level of L965. "If the currency approaches L900 to the D-Mark the Bank of Italy will accelerate the pace of its rate cuts to revive domestic demand," says Mr Alzola.

Mr Julian Jessop, international economist at Midland Global Markets, says that the downward trend in Italian inflation will enable the Bank of Italy to match the pace of easing by the Bundesbank. He forecasts a fall in the Italian discount rate from 7.5 per cent to 6 per cent by the turn of the year.

Mr Williams says that lower interest rates should help Italy to reduce its budget deficit to around 7 per cent of its gross domestic product next year from around 9½ per cent this year. "That will mean that Italy will come close to the European average of 5½ per cent of GDP for the first time in years," he says.

This is all good news for Italian government bond yields, which Mr Williams expects to fall to 7½ per cent gross by the end of the year from 9¼ per cent currently.

Mr Alzola forecasts that the yield differential between Italian and German government bonds will narrow to 250 basis points from a current 276 basis points. However, he points out that the risks associated with investing in Italy will prevent the differential from going as low as inflation differentials would suggest.




**INTEREST RATES AT A GLANCE**

| | USA | Japan | Germany | France | Italy | UK |
|---|---|---|---|---|---|---|
| Discount | 3.00 | 1.75 | 5.25 | 7.00 (1) | 7.50 | 5.25 (2) |
| Overnight | 3.44 | 2.25 | [illegible] | [illegible] | [illegible] | 5.19 |
| Three month | 3.67 | 2.28 | [illegible] | [illegible] | [illegible] | 5.25 |
| One year | 4.62 | 2.25 | [illegible] | [illegible] | [illegible] | 5.82 |
| Five year | 6.21 | 3.27 | [illegible] | [illegible] | [illegible] | 7.09 |
| Ten year | 6.74 | 4.07 | [illegible] | [illegible] | 9.01 | 7.48 |

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

**US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%**

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 104-27 | 104-26 | - | 105-05 | 104-14 | 312,494 | 378,122 |
| Sep | 104-01 | 103-24 | - | 104-07 | 103-16 | 4,628 | 44,479 |
| Mar | 102-23 | 102-16 | +0-02 | 102-27 | 102-16 | 21 | 1,188 |

## UK GILTS PRICES

| | Notes | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|---|
| **Shorts" (Lives up to Five Years)** | | | | | | | |
| Exch 13¼pc 1994 | | 100 | -.8 | 1,100 | Ap27 Oc27 | 21.3 | 1267 |
| Treas. 10pc Ln. 1994‡‡ | | 100⅞ | -.2 | 1,900 | Ja9 De9 | 2.11 | 1284 |
| Exch 12¼pc 1994 | | 102⅞ | -.2 | 1,240 | Fe22 Au22 | 17.1 | 1263 |
| Treas 9pc 1994‡‡ | | 102⅜ | -.3 | 1,900 | My17 No17 | 11.10 | 1345 |
| 12pc 1995 | | 105⅜ | -.4 | 2,360 | Ja25 Jy25 | 20.12 | 1294 |
| Exch 3pc Gas 90-95 | | 97⅞xd | -.1 | 214 | My1 No1 | 25.3 | 1271 |
| 10¼pc 1995 | | 105⅝ | -.5 | 2,500 | Ja21 Jy21 | 15.12 | 1254 |
| Treas 12¾pc 1995‡‡ | | 110⅞ | -.5 | 840 | My15 No15 | 11.10 | 1298 |
| 14pc 1996 | | 113⅞ | -.4 | 770 | Ja22 Jy22 | 16.12 | 1305 |
| 15¼pc 1996‡‡ | | 117⅞xd | -.6 | 1,150 | My3 No3 | 28.3 | 1309 |
| Exch 13¼pc 1996‡‡ | | 113⅝ | -.5 | 800 | My15 No15 | 11.10 | 1268 |
| Conversion 10pc 1996 | | 107⅞ | -.7 | 3,409 | My15 No15 | 11.10 | 1240 |
| Treas 13¼pc 1997‡‡ | | 117¾ | — | 1,290 | Ja22 Jy22 | 16.12 | 1302 |
| Exch 10½pc 1997 | | 109⅞ | -.7 | 3,700 | Fe21 Au21 | 17.1 | 1253 |
| Treas 8¾pc 1997‡‡ | | 105⅞ | -.8 | 5,550 | Mr1 Se1 | 24.1 | 1341 |
| Exch 15pc 1997 | | 124½xd | -.9 | 830 | Ap27 Oc27 | 21.3 | 1269 |
| 9¾pc 1998 | | 108⅝ | -.6 | 3,550 | Ja19 Jy19 | 13.12 | 1273 |
| Treas 7¼pc 1998‡‡ | | 100⅞ | -.5 | 7,850 | Mr30 Se30 | 21.2 | - |
| Treas 6¾pc 1995-98‡‡ | | 99½xd | -1.9 | 1,200 | My1 No1 | 25.3 | 1331 |
| 14pc '98-1 | | 123⅞ | -.4 | 970 | My22 No22 | 18.10 | 1306 |
| Treas 15½pc '98‡‡ | | 130⅞ | -.7 | 935 | Mr30 Se30 | 21.2 | 1308 |
| Exch 12pc 1998 | | 117⅞ | -.7 | 3,909 | My20 No20 | 14.10 | 1259 |
| Treas 9½pc 1999‡‡ | | 108⅞ | -.7 | 1,900 | Ja15 Jy15 | 9.12 | 1347 |
| **Five to Fifteen Years** | | | | | | | |
| Exch 12¼pc 1999 | | 119⅞ | -.6 | 3,050 | Mr26 Se26 | 17.2 | 1264 |
| Treas 10½pc 1999 | | 113⅞ | -.3 | 1,252 | My19 No19 | 13.10 | 1288 |
| Treas 6pc 1999‡‡ | | 95¼xd | -.2 | 3,900 | Fe10 Au10 | 4.1 | - |
| Conversion 10¼pc 1999 | | 112⅞ | -.4 | 1,798 | My22 No22 | 18.10 | 1242 |
| 9pc 2000‡‡ | | 107⅝ | -.2 | 5,358 | Mr3 Se3 | 25.1 | 1244 |
| Treas 13pc 2000 | | 126⅞ | -.3 | 3,171 | Ja14 Jy14 | 8.12 | 1299 |
| 10pc 2001 | | 112⅞ | 0.1 | 4,406 | Fe26 Au26 | 20.1 | 1280 |
| 7pc '01‡‡ | | 97⅞xd | 0.4 | 3,250 | My6 No6 | 30.3 | - |
| 7pc '01 A | | 47⅞ | 0.9 | 2,500 | My6 No6 | - | - |
| 9¾pc 2002 | | 112⅞ | 0.1 | 6,527 | Fe27 Au27 | 21.1 | 1349 |
| 8pc 2003‡‡ | | 102⅞ | 0.5 | 7,600 | Ja10 Ja10 | 3.11 | - |
| 10pc 2003 | | 115⅛ | 0.3 | 2,503 | Mr8 Se8 | 31.1 | 1281 |
| Treas 11½pc 2001-4 | | 119⅞ | — | 1,620 | Mr19 Se19 | 10.2 | 1290 |

| | Notes | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|---|
| Funding 3½pc '99-4 | | 76⅜ | 0.5 | 543 | Ja14 Jy14 | 8.12 | 1274 |
| Conversion 9½pc 2004 | | 112⅞xd | 0.4 | 3,412 | Ap25 Oc25 | 21.3 | 1246 |
| Treas 6¾pc 2004‡‡ | | 94½ | 0.8 | 3,250 | My26 No26 | - | - |
| 6¾pc 2004 A | | 94½ | 0.8 | 3,000 | My26 No26 | - | - |
| Conv 9½pc 2005 | | 113⅞xd | 0.4 | 4,842 | Ap18 Oc18 | 14.3 | 1247 |
| Treas 12½pc 2003-5 | | 129⅞ | — | 2,200 | My21 No21 | 15.10 | 1295 |
| 7¾pc 2006‡‡ | | 100⅞ | 0.8 | 3,900 | Mr8 Se8 | 31.1 | - |
| 8pc 2002-6‡‡ | | 101¾xd | -.2 | 2,000 | Ap5 Oc5 | 1.3 | 1334 |
| Treas 11¾pc 2003-7 | | 123⅞ | 0.2 | 3,150 | Ja22 Jy22 | 16.12 | 1293 |
| Treas 8½pc 2007‡‡ | | 106⅞ | 0.8 | 5,497 | Ja16 Jy16 | 10.12 | 1339 |
| 13½pc '04-8 | | 137⅜ | -.2 | 1,260 | Mr26 Se26 | 17.2 | 1301 |
| Treas 9pc 2008‡‡ | | 111⅞xd | 0.7 | 5,321 | Ap13 Oc13 | 7.3 | 1343 |
| **Over Fifteen Years** | | | | | | | |
| Treas 8pc 2009 | | 103¾ | 0.1 | 3,100 | Mr25 Se25 | 15.2 | 1336 |
| Treas 6 1/4pc 2010 | | 87⅜ | 1.2 | 2,750 | - | - | - |
| Conv 9pc Ln 2011‡‡ | | 112⅝ | 0.9 | 4,273 | Ja12 Jy12 | 6.12 | 1245 |
| Treas 9pc 2012‡‡ | | 112⅜ | 0.7 | 5,150 | Fe6 Au6 | 31.12 | 1701 |
| Treas 5½pc 2008-12‡‡ | | 81⅞ | 0.7 | 1,000 | Mr10 Se10 | 1.2 | 1330 |
| Treas 8pc 2013‡‡ | | 103⅛ | 1.0 | 4,950 | Mr27 Se27 | 18.2 | - |
| 7¾pc 2012-15‡‡ | | 101⅛ | 0.3 | 800 | Ja26 Jy26 | 20.12 | 1332 |
| Treas 8¾pc 2017‡‡ | | 111⅛ | 0.8 | 6,950 | Fe25 Au25 | 19.1 | 1982 |
| Exch 12pc '13-'17 | | 140¾ | 0.7 | 1,000 | Ja12 De12 | 5.11 | 1260 |
| **Undated** | | | | | | | |
| Consols 4pc | | 49⅞ | -.6 | 359 | Fe1 Au1 | 28.12 | 1239 |
| War Loan 3½pc‡‡ | | 45½ | 0.6 | 1,909 | Je1 De1 | 25.10 | 1352 |
| Conv 3½pc '61 Aft | | 60⅝ | — | 119 | Ap1 Oc1 | 23.2 | 1243 |
| Treas 3pc '66 Aft | | 36⅞xd | -1.3 | 56 | Ap5 Oc5 | 1.3 | 1324 |
| Consols 2½pc | | 31⅝xd | — | 275 | 5JaApJyOc | 1.3 | 1239 |
| Treas. 2½pc | | 31¼xd | -.4 | 475 | Ap1 Oc1 | 21.2 | 1315 |

| | Notes | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|---|
| **Index-Linked** | (b) | | | | | | |
| Treas. 2pc '94 | (102.9) | 187⅞ | — | 500 | My16 No16 | 11.10 | 5070 |
| 2pc '96 | (67.9) | 198⅜ | -.4 | 1,200 | Mr16 Se16 | 7.2 | 1313 |
| 4⅝pc '98‡‡ | (135.6) | 108⅞xd | -.7 | 800 | Ap27 Oc27 | 21.3 | - |
| 2½pc '01 | (78.3) | 169⅝ | 0.3 | 1,500 | Mr24 Se24 | 15.2 | 1316 |
| 2½pc '03 | (78.8) | 169⅛ | 0.5 | 1,050 | My20 No20 | 14.10 | 1317 |
| 4⅜pc '04‡‡ | (135.6) | 112⅞xd | 1.1 | 850 | Ap21 Oc21 | 14.9 | - |
| 2pc '06 | (69.5) | 174¾ | 0.5 | 1,550 | Ja19 Jy19 | 13.12 | 1314 |
| 2½pc '09 | (78.8) | 157⅞ | 0.9 | 1,550 | My20 No20 | 14.10 | 1318 |
| 2½pc '11 | (74.6) | 163⅞ | 0.8 | 1,800 | Fe23 Au23 | 17.1 | 1319 |
| 2½pc '13 | (89.2) | 135⅜ | 0.9 | 2,300 | Fe16 Au16 | 10.1 | 1320 |
| 2½pc '16 | (81.6) | 144⅛ | 0.9 | 2,400 | Ja26 Jy26 | 20.12 | 1321 |
| 2½pc '20 | (83.0) | 138¼xd | 0.9 | 2,400 | Ap16 Oc16 | 10.3 | 1322 |
| 2½pc '24‡‡ | (97.7) | 116¼ | 1.1 | 1,900 | Ja17 Jy17 | 13.12 | 1323 |
| 4⅛pc '30‡‡ | (135.1) | 115⅞ | 1.1 | 1,300 | Ja6 Jy22 | 15.12 | - |

(b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1993: 140.7 and for February 1994: 142.1.

**Other Fixed Interest**

| | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|
| African Dev 11¼ 2010 | 127⅜ | 1.3 | 50 | Ja4 Jy4 | 1.12 | - |
| Asian Dev 10¼pc 2009 | 119⅜ | 1.2 | 100 | Mr24 Se24 | 3.93 | - |
| B'ham 11½pc 2012 | 124 | -4.6 | 45 | My15 No15 | 17.4 | 1837 |
| Ireland Cap 8½pc '10 | 104¾ | -.9 | 303 | Ap1 Oc1 | - | 1465 |
| 9pc Cap 1996 | 101 | -.5 | 725 | Ja30 Jy30 | - | - |
| 13pc '97-2 | 111½ | — | 315 | Ap1 Oc1 | 26.8 | 1428 |
| Hydro Quebec 15pc 2011 | 152⅞ | 1.2 | 40 | My31 No30 | 27.10 | - |
| Leeds 13½pc 2006 | 134½ | -4.1 | 40 | Ap1 Oc1 | 3.93 | 3146 |
| Liverpool 3½pc Irred | 33¾ | -16.7 | 5 | 1JaApJeOc | 1.6 | - |
| LCC 3pc '20 Aft | 28¼ | -21.5 | 25 | 1MrJeSeDe | 1.8 | - |
| Manchester 11½pc 2007 | 120½ | -4.4 | 8 | Ap25 Oc25 | 3.93 | 3275 |
| Met. Wtr. 3pc 'B' | 70½ | -2.8 | 25 | Mr1 Se1 | 1.8 | 3361 |
| N'wide Anglia 3⅞pc 2021 | 136¾ | -3.0 | 60 | Ja30 Jy30 | 1.93 | 3465 |
| 4⅛pc R. 2024 | 131¾ | -3.1 | 50 | - | 20.7 | - |
| Utd Mer States 16½pc 2008 | 143¼ | -3.2 | 50 | Mr1 Se1 | 27.8 | - |

● 'Tap' stock. †† Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.







International / **Sara Webb**

# Activity switches to floating rate notes

"First there was the orgy, then came the uncertainty, and then the real horror sunk in." That is how one syndicate manager describes the first three months of this year in the international bond market – and it is a view probably shared by many syndicate officials as they wonder just how to match last year's record figures.

The Bacchanalian start to 1994 certainly came as a surprise, since usually the period after Christmas and New Year is fairly quiet in terms of new issuance. Yet day after day, new deals flooded into the market as borrowers rushed to get a head start with their annual borrowing plans.

Then the US Federal Reserve threw a spanner in the works with a quarter point rise in interest rates on February 4, and for weeks the world's financial markets remained jittery and distinctly nervous about the future direction of US interest rates. The Fed's decision to hike up rates by a further 25 basis points on March 22 confirmed market fears that one rate rise would not be enough to nip inflationary pressures in the bud.

The response among borrowers and lead managers to the rising interest rate scenario has been either to postpone their new issues until conditions improve or to tap the floating rate note sector instead.

In fact, taking the strong start to the year and the pronounced switch into floating rate notes together, the total volume of new issues in the first quarter is not dramatically lower than in 1993. Total new issues amounted to $110bn in the first quarter this year,

**TOP EUROBOND LEAD MANAGERS**

| | First quarter of 1994 | | | | First quarter of 1993 | | | |
|---|---|---|---|---|---|---|---|---|
| Manager | $bn | Rank | % | Issues | $bn | Rank | % | Issues |
| CSFB/Credit Suisse | 8.71 | 1 | 7.74 | 25 | 6.20 | 4 | 5.19 | 26 |
| Merrill Lynch | 7.96 | 2 | 7.08 | 30 | 4.78 | 6 | 4.00 | 21 |
| Goldman Sachs | 7.11 | 3 | 6.32 | 25 | 9.01 | 2 | 7.54 | 33 |
| UBS | 5.18 | 4 | 4.60 | 14 | 3.39 | 12 | 2.84 | 19 |
| Morgan Stanley | 4.83 | 5 | 4.29 | 26 | 4.80 | 5 | 4.02 | 20 |
| Société Générale | 4.77 | 6 | 4.24 | 17 | 0.97 | 31 | 0.81 | 6 |
| Deutsche Bank | 4.76 | 7 | 4.23 | 24 | 11.84 | 1 | 9.92 | 29 |
| Lehman Brothers | 4.58 | 8 | 4.07 | 20 | 3.73 | 9 | 3.13 | 21 |
| JP Morgan | 4.42 | 9 | 3.93 | 16 | 3.30 | 13 | 2.76 | 18 |
| Daiwa | 3.86 | 10 | 3.43 | 17 | 3.26 | 14 | 2.73 | 21 |
| Industry totals | 112.53 | | 100.0 | 522 | 119.37 | | 100.0 | 502 |

Full credit to book runner. Source: Euromoney Bondware

down 7 per cent on the comparable quarter in 1993.

But the interesting point is that floating rate notes make up a much higher proportion of the total new issuance this year: borrowers launched the equivalent of $34.1bn in FRNs, corresponding to 31 per cent of total new issues (and mainly denominated in US dollars), compared with a total of $17.1bn in the first quarter of 1993 (or 14 per cent of total new issues), according to figures compiled by Euromoney.

"For borrowers, floating rate notes are more cost-effective than fixed rate bonds at the moment," points out one FRN specialist at a US house. The attraction of FRNs for investors is that the coupon is reset – usually every three or six months – in line with money market rates. "Floaters are supposed to provide investors with capital protection, trading at around par [100]," says Mr Charlie Berman, syndicate manager at Salomon Brothers. There is some scope for capital gain if the credit rating of the borrower undergoes an improvement or is seen as a likely upgrade candidate.

Central banks and money funds are the traditional buyers of sovereign floaters with sub-Libor coupons, although recently this type of paper has been seen as a safe temporary parking place for money by a wider range of fund managers.

The problem is that the market has probably seen too much new FRN paper launched in the last couple of months: some of the recent deals are still partly unplaced, and several have shown a disappointing price performance while yields have widened.

"The FRN sector should have been a stellar performer," says Mr Tim Skeet, senior vice-president of Kidder Peabody syndicate desk in London, "but there's been so much supply that, at a time when you would expect the market to be strong, the price performance of some of these issues has been disappointing. There are still opportunities for borrowers but it's a case of getting the pricing and timing right".

The glut of new – and often aggressively-priced – FRN supply has led to accusations that the lead managers are simply buying market share. "If you are a big Eurobond house and you need to do something in these market conditions, what do you do? Floaters are just about the only thing you can do, and you have seen houses which a year ago did no FRN business suddenly bringing badly priced deals," says one syndicate official.

After the bumper profits and mega-bonuses of 1993, the shift in sentiment does not augur well for the bond houses. "I'd be willing to bet there's a correlation between position in the league table and the amount of red ink in the profit and loss account for the first quarter," said one official. For the lower fees brought in by floating rate paper (compared with fixed rate bonds) and the fact that syndicates are sitting on a lot of unsold paper which has fallen in price and widened in spread suggests that profitability – at least in the first quarter – will be less than a year ago.

**EUROBOND ISSUES BY CURRENCY**

| 1994* Rank | Currency | Total raised ($bn) | No. of issues | 1993* Rank | Total raised ($bn) | No. of issues |
|---|---|---|---|---|---|---|
| 1 | US$ | 49.49 | 227 | 1 | 40.10 | 184 |
| 2 | Sterling | 13.62 | 51 | 3 | 13.56 | 67 |
| 3 | FFr | 10.86 | 42 | 6 | 9.12 | 41 |
| 4 | D-Mark | 9.02 | 35 | 2 | 23.62 | 54 |
| 5 | Yen | 8.79 | 44 | 5 | 11.75 | 47 |
| 6 | C$ | 4.96 | 23 | 4 | 13.00 | 62 |
| 7 | Lira | 4.45 | 30 | 9 | 1.73 | 12 |
| 8 | Guilder | 4.41 | 23 | 7 | 3.07 | 12 |
| 9 | Ecu | 3.09 | 12 | 8 | 1.89 | 4 |
| 10 | A$ | 1.70 | 19 | 10 | 1.04 | 10 |

*First quarter. Source: Euromoney Bondware

**NEW INTERNATIONAL BOND ISSUES**

| Borrower | Amount m. | Maturity | Coupon % | Price | Yield % | Launch spread bp | Book runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| SCCMT1(Series 1994-2) A(a)‡ | 940 | Apr.2006 | 7.25‡ | 99.881R | 7.29 | +78 (5⅞%-04) | Merrill Lynch Intl. |
| SCCMT1(Series 1994-2) B(a) | 60 | Apr.2006 | 7.50‡ | 99.829R | 7.52 | +93 (5⅞%-04) | Merrill Lynch Intl. |
| Global Mark Intl.(b)§ | 500 | Apr.1997 | (c) | 100.00 | - | - | UBS |
| Koninklijke Van Ommeren(f)‡ | 75 | May.2001 | (j) | 100.00R | - | - | Chemical Inv. Bank |
| **D-MARKS** | | | | | | | |
| Deutsche Finance(Neths.) | 1bn | May.1999 | 5.75 | 101.32 | 5.441 | - | Deutsche Bank |
| **YEN** | | | | | | | |
| Mitsubishi Corp. Finance(e) | 7.5bn | Jul.1997 | (l,l) | 100.20 | - | - | Mitsubishi Finance Intl. |
| Mitsubishi Corp. Finance(m) | 10bn | Jul.1997 | (l,n) | 100.1875 | - | - | Sanwa International |
| **STERLING** | | | | | | | |
| Beta Finance Corp.(i) | 75 | Jul.1996 | 7.30 | 103.73 | - | - | NatWest Capt. Markets |
| **FRENCH FRANCS** | | | | | | | |
| Alias Capital(f) | 4.5bn | Dec.1998 | 6.375 | 99.90R | 6.41 | +42 (8½%-98) | CCF/Paribas/Soc.Gén. |
| **GUILDERS** | | | | | | | |
| Rabobank Nederland(f) | 150 | Jul.1998 | 6.25 | 101.275R | 5.893 | +8 (6¼%-98) | Rabobank Nederland |
| Kingdom of Sweden | 400 | Apr.1998 | 5.75 | 99.53R | 5.885 | +15 (g) | ABN Amro Bank |
| ABN Amro Bank | 500 | Apr.2000 | 6.375 | 99.46R | 6.487 | +25 (9%-00) | ABN Amro Bank |
| Nederlandse Gasunie | 150 | May.1999 | 6.00 | 99.45R | 6.131 | +8 (7%-99) | ING Bank |
| **ITALIAN LIRE** | | | | | | | |
| Bank Austria(k) | 170bn | Apr.2004 | 9.125 | 100.25 | - | - | BCI/ BNL |
| Crédit Local de France(k) | 100bn | Jan.1999 | 7.50 | 97.445 | 8.155 | - | JP Morgan |
| **AUSTRALIAN DOLLARS** | | | | | | | |
| Société Générale Australia | 75 | May.1997 | 7.00 | 100.28 | 6.901 | - | BZW |
| **SWISS FRANCS** | | | | | | | |
| NTT | 200 | Apr.1999 | 4.50 | 102.25 | 3.995 | - | Credit Suisse |
| US West Communications★ | 100 | Apr.1999 | 4.75 | 102.125 | 4.289 | - | Swiss Bank Corp. |
| **LUXEMBOURG FRANCS** | | | | | | | |
| Genfinance Luxembourg | 2bn | May.2000 | 7.00 | 101.95 | 6.596 | - | BGL |

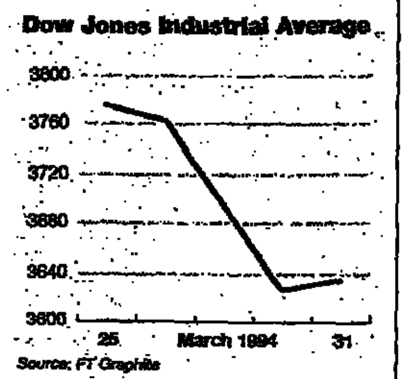
Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. ‡With equity warrants. ★Unlisted or private placement. ‡Semi-annual coupon and yield. R: fixed re-offer price. a) Standard Credit Card Master Trust One. b) Mandatorily exchangeable into Indofood shares at Rp7692.81 eight months following its IPO. FX: 2142Rp/$. Conditional features include mandatory redemption and put option. c) 3½% in 1st yr, 5% in 2nd and 6% in 3rd. d) Fungible with outstanding Fl 500m. Plus 288 days accrued. e) Callable on 18/7/96 at par. f) 3.15% to 18/7/96 and 3.8% thereafter. g) Over interpolated yield. h) Callable on 29/4/96, and annually thereafter, at par. i) Callable and puttable in May.99 at par. j) 3-mth Libor +½%. k) Fungible with outstanding L200bn. Plus 84 days accrued. l) Short 1st coupon. m) Callable on 18/7/96 at par. n) 3.2% to 18/7/96 and 4% thereafter. Note: Yields are calculated on ISMA basis.

# EQUITY MARKETS: This Week

## NEW YORK

Frank McGurty

### Clouds of uncertainty linger



Source: FT Graphite

After the hammering endured by stocks over the past fortnight, the reasons to be pessimistic about further declines this week are painfully evident.

Most importantly, the cloud of uncertainty hanging over the financial markets – the root cause of the current malaise – has shown no signs of dissipating. Rather, it appears to have thickened with each downward lurch of the Dow. The tumultuous session which was taking shape yesterday morning was an omen of more of the same.

By the weekend, the Dow industrial average had lost 8.6 per cent of value since the Federal Reserve's first tightening of monetary policy on February 4. Such a decline was in line with forecasts immediately after the Fed's move.

Those initial forecasts now seem to have been overly optimistic. Since March 22, the day before the Federal Reserve lifted short-term rates for a second time, the Dow's fall has accelerated, with the average dropping in six out of eight sessions. In the ninth session yesterday, the index was off 80 points in early trading, but was trimming its losses towards midday.

The deepening of the downturn has rattled even the most bullish of Wall Street's seers. Ms Elaine Garzarelli, the influential Lehman Brothers analyst, hedged her bets last week by saying there was a 50-50 chance of a 10 per cent to 15 per cent correction before stocks settled down.

There was a fleeting break in the gloom late last week. In Thursday's highly volatile session, the market fell by about 70 points before midday, only to fight its way back to a nine-point gain by the close. Some analysts interpreted the sudden swing in share prices as a sign that market had bottomed out.

Those hopes were dashed by Good Friday's news showing the biggest monthly jump in non-farm payrolls since October 1987. The figure suggested the economy had grown by more than 3 per cent in the first quarter, as most economists forecast. It also suggested higher inflation, the bane of bonds, and a subsequent sell-off by equity investors.

Although most bond trading firms were closed in observance of Good Friday, a few decided to remain open in anticipation of the important jobs report. As a result, prices plunged and yields surged in light activity which ended at midday. Yesterday, it was the stock market's turn to catch up with the news.

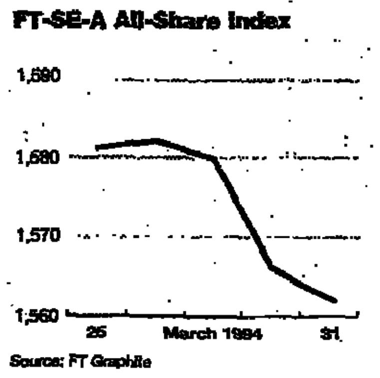
Cash flows into mutual funds – one of the driving forces of the three-year bull market – slowed considerably last month. Anticipation of a big jump in mutual fund redemptions, as the wariness of individual investors intensifies, may push share prices even lower as the week progresses.

The bond market will continue to fall under the close scrutiny of equity investors. Signs of stability in Treasury prices could trigger some bargain-hunting and a modest comeback by stocks. Early activity, which saw the Dow pulling off it session lows during the morning, was encouraging.

## LONDON

Terry Byland

### US job figures will be focus of attention



Source: FT Graphite

It might be a good idea to stand well clear of the trading screens this morning. Europe went home for the Easter holidays in a highly nervous condition and developments on Wall Street and Asia Pacific since last Thursday evening have done little to help. Talk of "1987 re-visited" from Mr Nicholas Knight of Nomura Research set the mood for a gloomy weekend which has brought sharp falls in US Federal bonds, shivers in some Asian markets, a plunge in the Standard & Poor's 500 futures and a general fear that Wall Street could face trouble today.

Setting aside the ugly lines on Mr Knight's charts, the markets will focus on the sharp rise in US employment levels in March, announced after European markets had closed for the Easter weekend. The reaction from US bonds made it clear that fears that the Federal Reserve will tighten credit policy sooner and more fiercely than anticipated have returned in force; and will it be the discount rate this time?

Some decoupling of gilts from US Federal securities has been seen but UK bonds are still highly volatile and capable of throwing UK equities into a spin. The stock market seems unlikely to escape unscathed if gilts come under pressure again. And tremors in sterling have provided another challenge to those still convinced that base rates will be cut soon by a UK government facing a sea of political troubles as higher tax rates are phased in.

These arguments may not be entirely new, but their sting has been drawn for the past month by technical factors which are now changing. Fund managers have been very unwilling to sell stock ahead of the closing of investment books on the first quarter of the year, which coincides with the end of the UK tax year and the financial year-end for many companies and financial institutions. Those inhibitions, including the fiscal year-end in Japan, will disappear this week. Fund managers can be expected to make longer-term investment decisions and that could be painful in a stock market which has shown that it can move 50 points on the Footsie scale in the blink of an eye.

No sector has paid more dearly for the stock market's repeated attempts to show faith in the recovery of the UK economy than the retail stocks. Consumers have stubbornly refused to lead the way out of recession and even the most efficient store groups have had to fight hard to hold profit margins.

Now, "mistakes do not go unpunished," and, to succeed, a retailer must have a strong brand franchise and the ability to refine costs so that low gross margins do not become lower operating margins.

Marks and Spencer remains at the top of BZW's recommendations, with its capacity for high dividend growth and a relatively low p/e. Argos is regarded as having the same strength in its own highly competitive sector; Argos has only 2.53 per cent of its sector while Marks has nearly 29 per cent, with GUS its nearest rival with 15 per cent of their area.

## OTHER MARKETS

### FRANKFURT

The German bank reporting season continues with figures due on Friday from Dresdner Bank, the country's second largest bank after Deutsche. The consensus is for a rise in net profits of about 30 per cent. At the 10-month stage, the bank unveiled operating profits up by 16.2 per cent. The supervisory board of Daimler-Benz meets on Thursday to decide the dividend on 1993's results.

### PARIS

Suez, the financial and industrial holding company, is due to report this week. Mr Gerard Worms, the chairman, has confirmed that the group returned to "modest" profit last year after making its first loss in 1992 due to the recession and its heavy debts. Alcatel Alsthom is also expected to announce 1993 figures during the week. Mr Pierre Suard, the telecommunications group's chairman, has already said that overall sales fell by 3.4 per cent in 1993 when he forecast static profits of around FFr7bn.

### AMSTERDAM

The reporting season is drawing to a close although figures are expected today from KBB, the department store group. UBS forecasts a 20 per cent rise in 1993 net profits, on a sales increase of 2 per cent. The bank says that KBB has had a good year with the Hema chain benefiting from a more focused product range, M&S Mode still expanding by some 10 per cent a year and FAO Schwarz having discovered a more successful, larger format which is enabling it to improve results.

### MADRID

Wednesday is the final day for the banks BBV, Argentaria, Santander and Popular to register their intentions to bid for Banesto, whose auction is scheduled to be completed by May 10.

### TOKYO

Although the start of the new business year signals an end to the corporate profit-taking that depressed prices in recent weeks, the market is likely to remain volatile on the uncertain outlook for the currency and the domestic political situation. Speculation that the US will keep up pressure on trade has triggered heavy buying of the yen. As a result, equity investors are likely to hold back from buying because the strength of the yen could delay the recovery of the economy later this year.

## RISK & REWARD

### SocGen's Boosts fail to convince competitors

When is a new derivative product genuinely ground breaking? The launch last week by Société Générale of Boosts, heralded as a new derivative instrument, was greeted with some scepticism by some of the French bank's competitors.

"At this stage in the derivative market's development, I don't think there are any genuinely new instruments, just variations on a theme," said the head of options at one bank. But according to SocGen, Boosts – an acronym for Banking On Overall Stability – are fundamentally different.

The concept is based on a stability band for an underlying asset, within which the investor expects the asset to remain for a set period of time. Every day that the underlying instrument remains in the band, the investor earns one currency unit.

Thus if a one-year Boost remains within the set range throughout its life, the investor earns $365 (less the upfront cost of the product). If the asset falls outside of the range after 100 days, the investor earns $100 (again less the upfront cost, which means that he may or may not have broken even).

The age of the Boost – the number of days spent within the band – and the life expectancy are the main components in pricing. Some derivative specialists argue the technology is the same as for a spate of Eurobond deals earlier this year known as range floating-rate notes.

These floating rate note issues are structured so that interest only accrues on days when the three-month London interbank offered rate (Libor) falls within a specified range. In return, the investor gets a high margin over Libor.

"There has been a whole variety of instruments for buying or selling volatility," argues one derivative specialist. There have been successful examples of embedding derivatives strategies in a security. For example, Swiss Bank Corporation marketed a series of securities known as GROIs (an acronym for Guaranteed Return on Investment). An investor could chose between having, say, a guaranteed 7 per cent return, in which case the maximum bonus – if the SMI index of leading shares on the Swiss stock market over the one-year term performed well - would be only 2.03 per cent. If he chose a 0 per cent guaranteed return, the investor could make as much as 24.72 per cent if the SMI did well.

Indeed, several derivative specialists said that such trades have been done in the over-the-counter market, where they are sometimes known as time-trades.

However, there are undoubtedly some novel aspects to SocGen's Boosts. Firstly, even if the concept existed, it was not available in the form of a tradeable security. SocGen plans to list its Boosts on European stock exchanges, and to make an active secondary market in the instruments, which may appeal to institutional investors who would not want to buy OTC instruments.

"No single security has previously been able to derive profit from a stable underlying [asset] during a given period," said SocGen. A similar strategy can be constructed by using options to create "straddles", "strangles" and "butterflies".

So far, Soc Gen has launched six different series of Boosts over one and two years on the D-Mark/French franc and dollar/D-Mark exchange rates and on 10-year OATs (French government bonds) and nine-year bunds (German government bonds). However, the structure can be applied to commodities, equities, indices and short-term interest rates.

The remaining question is whether investors will want to buy instruments based on a stable outlook, at a time when markets are extremely volatile.

**Tracy Corrigan**

### INDICES AT A GLANCE

| | Closing price | Percentage Change: Over week | Percentage Change: On 12 months | Percentage Change: Since Jan 1 | 12 month: High | | 12 month: Low | | 1994: High | | 1994: Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3,086.40 | -1.4 | +7.2 | -9.7 | 3,520.30 | 2/2/94 | 2,786.30 | 6/5/93 | 3,520.30 | 2/2/94 | 3,086.40 | 31/3/94 |
| Dow Jones Ind. | 3,635.96 | +3.7 | +5.9 | -3.2 | 3,978.36 | 31/1/94 | 3,370.81 | 2/4/93 | 3,978.36 | 31/1/94 | 3,626.75 | 30/3/94 |
| Nikkei | 19,111.92 | -3.7 | +2.8 | +9.7 | 21,148.11 | 13/9/93 | 16,078.71 | 29/11/93 | 20,677.77 | 16/3/94 | 17,369.74 | 4/1/94 |
| Dax | 2,133.11 | +0.1 | +26.6 | -5.9 | 2,267.98 | 3/1/94 | 1,603.04 | 24/5/93 | 2,267.98 | 3/1/94 | 2,020.33 | 2/3/94 |
| CAC 40 | 2,081.94 | -2.6 | +2.5 | -8.2 | 2,355.93 | 2/2/94 | 1,835.72 | 17/5/93 | 2,355.93 | 2/2/94 | 2,081.94 | 31/3/94 |
| Banca Com. Ital. | 722.99 | +7.9 | +52.2 | +16.7 | 722.99 | 31/3/94 | 475.01 | 31/3/93 | 722.99 | 31/3/94 | 588.85 | 10/1/94 |

Closing prices as of 31/3/94; weekly changes 31/3/94 over 25/3/94. Source: FT Graphite.

# EMERGING MARKETS: This Week

The Emerging Investor / Patrick McCurry

## Brazil's turbulence set to continue

The long-awaited sealing of *Brazil's Brady plan debt* restructuring this month might have been a shot in the arm for the country's capital markets.

Previous deals by countries such as Argentina led to huge *inflows of foreign investment*. But Brazil has been affected by *the recent turbulence* in emerging markets linked to US interest rate rises and also faces domestic uncertainties including general elections at the end of this year and a government anti-inflation plan.

*This means that although* the Brady deal is expected to reduce the country risk for Brazilian securities, a sea change in the attitude of international investors is unlikely in the short term.

*For the stock market, the* announcement of the deal, which restructures Brazil's $52bn debt to foreign banks and is due to be signed on April 15, was welcomed. But there was disappointment that the IMF was not sufficiently convinced by the government's *anti-inflation plan to provide a* stand-by loan in support of the Brady deal.

Nevertheless, for Mr Alfredo Viegas, an analyst with Salomon Brothers in *New York*, the potential for Brazil's equity *market is staggering*. He predicts that São Paulo's stock exchange index will repeat 1993's performance and double in value again this year.

"After the Mexican elections there will be a huge inflow and *that will spill over into Brazil,"* he says, noting that foreign investment on the São Paulo exchange, Brazil's largest, is still relatively small, averaging only 15 per cent of daily trading compared with 60 per cent in Mexico.

The São Paulo index has climbed by about 40 per cent this year, although most of that appreciation was in January following a large inflow of foreign investment and hopes for the anti-inflation plan.

Mr Viegas says his bullish *scenario depends partly on* expectations that a candidate from the centre, such as former finance minister Mr Fernando Henrique Cardoso, will be elected president. The success of the anti-inflation plan is also *a key factor, he says. This* involves balancing the federal budget and proposes the introduction of a currency linked to Brazil's foreign reserves to tame inflation, running at about 40 per cent a month.

The doubts surrounding Brazil's economic and political *development lead to difficulties* in valuing the stock market. In spite of last year's doubling of the main index, blue chips like Telebrás, the government-controlled *telecom company, are* still quoted at near or below book value. Another indication of the market's potential is that at the end of last year the market capitalisation of Brazilian stocks was 23 per cent of gross domestic product compared with 56 per cent for Mexico, *according to* investment bank CS First Boston.

*Less* optimistic analysts argue the opposite. Ms Cristina Vervloet, a director at brokers Socimer do Brasil, is pessimistic about prospects for the market *this year. She highlights* recent political impasses, including a congressional review of the constitution, which has made little progress.

The review could open up government monopolies in the *telecommunications and oil* sectors as well as reform the tax and welfare systems and enable the government to have more control over spending. It is regarded as essential if the inflation rate is to be kept *down*. "Despite the Brady deal, the economy remains unstable and there is a lot of uncertainty," says Ms Vervloet. She agrees that the market will be bullish if Mr Cardoso looks likely to become president and win the *congressional* support needed to push through struc*tural reforms and consolidate* the plan.

Ms Vervloet is also worried that the new currency will be introduced by the government too early and therefore jeopardise the plan's prospects.

Even with *inflation* of about 2,500 per cent last year, the capital markets boomed. This was caused by increased foreign investment, optimism at the appointment of Mr Cardoso as finance minister and recov*ery from the political* turbulence caused by the resignation of former president *Fernando* Collor in 1992. Net foreign inflow was $5.5bn, four times more than in 1992, while Eurobond issues totalled $7.6bn compared with $4.8bn in 1992.

Bankers do not expect a *higher volume of Eurobond* issues this year because of the market situation combined with local volatility in the run-up to elections. There is *uncertainty about when, and* by how much, the interest rate *spreads paid by Brazilian issuers* will fall. Currently, Brazilian companies pay on average about 400 basis points above the relevant US Treasury security, compared with about 300 points for Argentine issuers *and 200 for Mexican companies*, according to Mr José Eduardo Martins, a director at investment bank Patrimônio.

However, Telebrás is planning an ambitious eight-year bond issue at an interest rate spread of below 300 basis points in response to the Brady *deal. The success of the issue*, which still has to be officially approved by the Treasury, will indicate whether Brazilian bond spreads are set to fall significantly this year.

Mr José Luiz Lima, head of *sales and distribution* at Dutch-owned ING Bank's Brazilian subsidiary, believes Telebrás is over-optimistic in proposing such a low interest rate spread under current market conditions.

*In spite of the problems that* have hit emerging markets *recently, there has been a* growing international acceptance of Brazilian securities that is allowing an increasing number of companies to consider launches of American depositary receipts. Mr Martins says that extremely high local interest rates and the comparatively expensive cost of Eurobond issues has prompted companies to consider inter*national equity offerings*.

**Ten best performing stocks**

| Stock | Country | 31/3/94 $ close | Week on week change $ | Week on week change % |
|---|---|---|---|---|
| Daewoo Heavy Industries | S. Korea | 14.8671 | 3.0386 | 25.69 |
| Banco do Brasil (Pref) | Brazil | 0.0307 | 0.0052 | 20.46 |
| Companhia Vale do Rio Doce | Brazil | 0.1172 | 0.0182 | 18.40 |
| Koc Yatirim | Turkey | 1.3680 | 0.1510 | 12.41 |
| Bagfas | Turkey | 0.1426 | 0.0148 | 11.58 |
| CSN (ON) | Brazil | 0.0329 | 0.0033 | 11.30 |
| Commercial Bank of Korea | S. Korea | 9.7132 | 0.8884 | 10.07 |
| Int. Container Term. Services | Philipp. | 1.1242 | 0.0907 | 8.77 |
| Banco Itau (Pref) | Brazil | 0.2201 | 0.0175 | 8.66 |
| Barito Pacific Timber | Indonesia | 5.3132 | 0.4082 | 8.32 |

Source: Baring Securities

## News round-up

### ■ Turkey

Equities in Istanbul gained nearly 9 per cent yesterday on expectations that the government will today unveil a *package of measures to* tackle inflation and reduce the budget deficit.

The equity market has seen volatile trading in recent sessions, rising 11 per cent last week, but falling 9 per cent the week before. The composite index remains some 21 per cent *down on the year to date*.

Recent activity has been driven mainly by domestic investors, as foreign institutions wait for the situation to clarify. Many investors were taking advantage yesterday of cheap prices to buy.

*The government's measures* are expected to include job cuts and privatisation of many state companies.

### ■ Beijing

*China has launched* an $11.5bn domestic bond issue – its biggest ever – to help cover the budget deficit and the increasing debt-service obligations of its vast infrastructure programme.

Western bankers and economists say that plans to *issue some* Yn100bn ($11.5bn) in two and three-year bonds are highly ambitious, and will severely test the Chinese debt markets.

The three-year bonds will carry an interest rate of 13.96 per cent. This compares with increases in the cost of living running at more than 20 per cent in the larger cities.

● Huaneng International *Power Development*, a unit of state energy group Huaneng, has said that it has obtained approval for a global share issue and primary *listing on* the NYSE this year.

### ■ Bucharest

Bankcoop, a Romanian private bank, is to launch a share *issue to raise its capital* to around 12bn lei ($7.2m), a bank *official* has said.

Bankcoop will sell its shares to Romanian and foreign companies and individuals. Last year the bank had a pre-tax profit of 14bn lei, up from a post-tax profit of 3.1bn lei in 1992.

### ■ Mexico

Foreign investment in Mexico *totalled* $4.09bn in the first two months of 1994, an increase of 143.4 per cent over the same period a year ago, the trade ministry has said.

The ministry said foreign investment now totals $45.8bn during the administration of President Carlos Salinas de Gortari, *who took office in* December 1988.

The ministry said $3.17bn, or 77.6 per cent, of foreign investment in January and February was channelled through Mexico's stock market, and the remaining $916m was in direct investment.

Some 70.5 per cent of the new *investment* came from the US, with Spain accounting for 6.5 per cent, *Germany for* 1.2 per cent and Canada for 0.7 per cent.

### ■ Oman

Oman is to sell shares in more government-held *companies* in 1994 and link its stock market with Bahrain as part of the process of opening its economy to private and foreign investment.

A stock exchange official *said that Oman and Bahrain* were to link their stock markets by listing public joint-stock companies in each market by the end of the year.

A Bahrain official has said that Oman will set up two international *funds for* Japanese and UK groups to invest. Oman's stock market lists 93 companies capitalised at $1.6bn. Annual turnover is about $60m.

● **Further coverage of emerging markets appears daily on the World Stock Markets page.**

**CURRENCY MARKETS** Philip Gawith

## Renewed focus on US monetary policy

When foreign exchanges reopen for business today, the key issue will be how to interpret Friday's US jobs data, showing the fastest rise in job creation since October 1987.

With confirmation that the robust US economic recovery continues unhindered, some analysts believe the Federal Reserve may be tempted to decisively *tighten monetary policy, possibly* ahead of the next meeting of the policy-making Federal Open Market Committee on May 17.

Certainly this was the prevailing interpretation on Wall St yesterday with equities getting off to a very shaky *start on fears of higher* rates.

Not all observers, however, believe that the argument for a policy-tightening is cut and dried. Mr Lacy Hunt, chief US economist at Midland Global *Markets in New York, argues that the* labour market is not nearly as strong as Friday's headline number would suggest. Most jobs being generated are in low-pay service sectors and this, if any*thing, has a restraining effect on infla*tion. Mr Hunt comments: "Growth with decelerating inflation should not be a concern of monetary policy."

What all of this means for the dollar *will become clearer today* when European markets reopen. Although the US currency rallied on Friday, *it has still* significantly underperformed investor expectations. Dollar bulls will take succour from the latest data, but if dollar weakness persists, this could well *prompt a sell-off of the US currency*.

The other focus for dollar watchers will be today's publication of Japanese trade data for March and current account data for February. Last week saw the *dollar* sink below Y103 *after* the US administration dismissed as inadequate market-opening measures proposed by the Japanese government.

Many analysts believe the market will test the *record low of* Y101.3 to the dollar and may well fall below Y100.

*In Europe, attention will remain with* Italy. Mr Silvio Berlusconi, leader of the Freedom Alliance which triumphed in *last week's elections*, appears to be making good progress in uniting his fractious allies. This helped the lira rise to L959.75 per D-Mark last Friday. The market wants to believe the good news, but will watch closely for signs of political division. It will also expect details of *a credible deficit reduction policy if it is* to believe in lower interest rates.

In the UK, meanwhile, sterling's fortunes are likely to be closely tied to the fortunes of prime minister Mr John Major. A further *weakening in* his position could further undermine the UK currency.

**Baring Securities emerging markets indices**

| Index | 31/3/94 | Week on week movement Actual | Week on week movement Percent | Month on month movement Actual | Month on month movement Percent | Year to date movement Actual | Year to date movement Percent |
|---|---|---|---|---|---|---|---|
| World (248) | 155.28 | −2.84 | −1.80 | −13.40 | −7.95 | −13.13 | −7.79 |
| **Latin America** | | | | | | | |
| Argentina (19) | 104.77 | −3.42 | −3.16 | −15.46 | −12.86 | −10.61 | −9.19 |
| Brazil (20) | 187.64 | 6.64 | 3.67 | 3.01 | 1.63 | 47.99 | 34.37 |
| Chile (12) | 153.64 | −6.08 | −3.80 | −19.94 | −11.49 | 6.10 | 4.14 |
| Mexico (24) | 140.95 | −8.35 | −5.59 | −18.17 | −11.42 | −20.32 | −12.60 |
| Latin America (75) | 149.91 | −3.59 | −2.34 | −12.91 | −7.93 | 0.67 | 0.45 |
| **Europe** | | | | | | | |
| Greece (14) | 92.41 | −6.87 | −6.92 | −6.84 | −6.89 | 9.32 | 11.22 |
| Portugal (14) | 131.29 | −0.41 | −0.31 | 2.78 | 2.16 | 19.16 | 17.09 |
| Turkey (22) | 66.07 | −1.01 | −1.50 | −19.07 | −22.40 | −95.64 | −59.14 |
| Europe (50) | 104.27 | −2.83 | −2.64 | −5.02 | −4.59 | −7.97 | −7.10 |
| **Asia** | | | | | | | |
| Indonesia (17) | 150.08 | −1.22 | −0.81 | −15.09 | −9.14 | −20.97 | −12.26 |
| Korea (23) | 114.28 | 0.78 | 0.69 | −12.45 | −9.82 | 4.58 | 4.18 |
| Malaysia (22) | 193.95 | −0.58 | −0.30 | −25.11 | −11.46 | −59.10 | −23.35 |
| Philippines (11) | 259.79 | 7.38 | 2.92 | −3.68 | −1.40 | −62.69 | −19.44 |
| Thailand (21) | 200.28 | −5.78 | −2.81 | −18.24 | −8.35 | −63.28 | −24.01 |
| Taiwan (29) | 132.24 | −3.15 | −2.32 | −2.83 | −2.10 | −21.47 | −13.97 |
| Asia (123) | 179.64 | −1.33 | −0.74 | −16.70 | −8.51 | −41.78 | −18.87 |

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

**FT GUIDE TO WORLD CURRENCIES**

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, March 31, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

| | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Afghanistan | (Afghani) | 2526.40 | 1701.74 | 1019.33 | 1656.33 |
| Albania | (Lek) | 163.185 | 109.918 | 65.8402 | 106.988 |
| Algeria | (Dinar) | 38.4890 | 25.9256 | 15.5291 | 25.2337 |
| Andorra | (Fr Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| | (Sp Peseta) | 202.084 | 136.12 | 81.5347 | 132.488 |
| Angola | (New Kwanza) | 52382.86 | 35284.2 | 21134.9 | 34342.7 |
| Antigua | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| Argentina | (Peso) | 1.4845 | 0.9999 | 0.5989 | 0.9732 |
| Aruba | (Florin) | 2.6555 | 1.7886 | 1.0714 | 1.7409 |
| Australia | (Aus $) | 2.1178 | 1.4265 | 0.8544 | 1.3884 |
| Austria | (Schilling) | 17.4791 | 11.7736 | 7.0522 | 11.4594 |
| Azores | (Port Escudo) | 254.675 | 171.545 | 102.754 | 166.967 |
| Bahamas | (Bahama $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Bahrain | (Dinar) | 0.5597 | 0.377 | 0.2258 | 0.3669 |
| Balearic Is | (Sp Peseta) | 202.084 | 136.12 | 81.5347 | 132.488 |
| Bangladesh | (Taka) | 58.4171 | 39.3487 | 23.5695 | 38.2967 |
| Barbados | (Barb $) | 2.9836 | 2.0096 | 1.2038 | 1.9562 |
| Belgium | (Belg Fr) | 51.0812 | 34.4073 | 20.6097 | 33.4892 |
| Belize | (B $) | 2.9670 | 1.9985 | 1.197 | 1.9451 |
| Benin | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Bermuda | (Bermudian $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Bhutan | (Ngultrum) | 46.5703 | 31.3689 | 18.7897 | 30.5318 |
| Bolivia | (Boliviano) | 6.7844 | 4.5698 | 2.7373 | 4.4479 |
| Botswana | (Pula) | 3.8410 | 2.5872 | 1.5497 | 2.5181 |
| Brazil | (Cruzeiro Real) | 1355.90 | 913.31 | 547.065 | 888.94 |
| Brunei | (Brunei $) | 2.3300 | 1.5694 | 0.94 | 1.5275 |
| Bulgaria | (Lev) | 96.35(2) | 64.8996 | 38.8743 | 63.1679 |
| Burkina Faso | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Burma | (Kyat) | 9.4775 | 6.3838 | 3.8238 | 6.2135 |
| Burundi | (Burundi Fr) | 390.25 | 262.865 | 157.454 | 255.851 |
| Cambodia | (Riel) | 5192.25 | 3497.41 | 2094.92 | 3404.08 |
| Cameroon | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Canada | (Canadian $) | 2.0525 | 1.3825 | 0.8281 | 1.3456 |
| Canary Is | (Sp Peseta) | 202.084 | 136.12 | 81.5347 | 132.488 |
| Cp. Verde | (CV Escudo) | 110.05 | 74.1277 | 44.4018 | 72.1497 |
| Cayman Is | (CI $) | 1.2165 | 0.8194 | 0.4908 | 0.7975 |
| Cent.Afr. Rep | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Chad | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Chile | (Chilean Peso) | 633.235 | 426.536 | 255.491 | 415.154 |
| China | (Yuan) | 12.8275 | 8.7077 | 5.2158 | 8.4753 |
| Colombia | (Col Peso) | 1218.49 | 820.753 | 491.624 | 798.853 |
| CIS ‡ | (Rouble) | 0.8717o | 0.5871 | 0.3517 | 0.5714 |
| | | 2598.06m | 1750.01 | 1048.24 | 1703.31 |
| Comoros | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Congo (Brazz) | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Costa Rica | (Colon) | 228.35 | 153.812 | 92.1323 | 149.706 |
| Côte d'Ivoire | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Croatia | (Dinar) | 9101.28 | 6130.46 | 3672.09 | 5966.88 |
| Cuba | (Cuban Peso) | 1.1236 | 0.7568 | 0.4533 | 0.7366 |
| Cyprus | (Cyprus £) | 0.7481 | 0.5039 | 0.3018 | 0.4904 |
| Czech Rep. | (Koruna) | 43.5080 | 29.3068 | 17.5545 | 28.5248 |
| Denmark | (Danish Krone) | 9.7425 | 6.5623 | 3.9308 | 6.3872 |
| Djibouti Rep | (Djib Fr) | 264.30 | 178.028 | 106.637 | 173.277 |
| Dominica | (E Carib $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| Dominican Rep | (D Peso) | 19.3597 | 13.0403 | 7.811 | 12.6923 |
| Ecuador | (Sucre) | 2999.85o | 2020.51 | 1210.27 | 1966.6 |
| | | 3064.91b | 2064.47 | 1236.6 | 2009.38 |
| Egypt | (Egyptian £) | 5.0207 | 3.3818 | 2.0257 | 3.2916 |
| El Salvador | (Colon) | 12.9805 | 8.7434 | 5.2372 | 8.5101 |
| Equat'l Guinea | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Estonia | (Kroon) | 19.8288 | 13.3563 | 8.0003 | 12.9993 |
| Ethiopia | (Ethiopian Birr) | 7.3137 | 4.9263 | 2.9508 | 4.7949 |
| Falkland Is | (Falk £) | 1.00 | 0.6735 | 0.4034 | 0.6556 |
| Faroe Is | (Danish Kroner) | 9.7425 | 6.5623 | 3.9308 | 6.3872 |
| Fiji Is | (Fiji $) | 2.2322 | 1.5035 | 0.9006 | 1.4634 |
| Finland | (Markka) | 8.1081 | 5.4614 | 3.2713 | 5.3157 |
| France | (Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Fr. Cty/Africa | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Fr. Guiana | (Local Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Fr. Pacific Is | (CFP Fr) | 154.10 | 103.799 | 62.1747 | 101.029 |
| Gabon | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |

| | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Gambia | (Dalasi) | 14.6125 | 9.8427 | 5.8957 | 9.58 |
| Germany | (D-Mark) | 2.4785 | 1.6694 | 1 | 1.6249 |
| Ghana | (Cedi) | 1384.11 | 932.312 | 558.447 | 907.435 |
| Gibraltar | (Gib £) | 1.00 | 0.6735 | 0.4034 | 0.6556 |
| Greece | (Drachma) | 365.719 | 246.342 | 147.557 | 239.769 |
| Greenland | (Danish Krone) | 9.7425 | 6.5623 | 3.9308 | 6.3872 |
| Grenada | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| Guadeloupe | (Local Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Guam | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Guatemala | (Quetzal) | 8.6525 | 5.8281 | 3.491 | 5.6726 |
| Guinea | (Fr) | 1448.90 | 975.953 | 584.587 | 949.911 |
| Guinea-Bissau | (Peso) | 17006.85 | 11455.5 | 6861.75 | 11149.8 |
| Guyana | (Guyanese $) | 189.90 | 127.913 | 76.6189 | 124.5 |
| Haiti | (Gourde) | 17.8020 | 11.9911 | 7.1825 | 11.6711 |
| Honduras | (Lempira) | 11.2155 | 7.5545 | 4.5251 | 7.3529 |
| Hong Kong | (HK $) | 11.4723 | 7.7275 | 4.6287 | 7.5213 |
| Hungary | (Forint) | 152.463 | 102.696 | 61.5142 | 99.956 |
| Iceland | (Icelandic Krona) | 106.36 | 71.6354 | 42.909 | 69.7239 |
| India | (Indian Rupee) | 46.5703 | 31.3689 | 18.7897 | 30.5318 |
| Indonesia | (Rupiah) | 3199.21 | 2154.93 | 1290.78 | 2097.43 |
| Iran | (Rial) | 2584.00 | 1740.54 | 1042.57 | 1694.09 |
| Iraq | (Iraqi Dinar) | 0.4636 | 0.3122 | 0.187 | 0.3039 |
| Irish Rep | (Punt) | 1.0331 | 0.6958 | 0.4168 | 0.6773 |
| Israel | (Shekel) | 4.4033 | 2.9659 | 1.7765 | 2.8868 |
| Italy | (Lira) | 2388.04 | 1608.54 | 963.502 | 1565.62 |
| Jamaica | (Jamaican $) | 48.9565 | 32.9755 | 19.752 | 32.0956 |
| Japan | (Yen) | 152.538 | 102.747 | 61.5444 | 100.005 |
| Jordan | (Jordanian Dinar) | 1.0392 | 0.6999 | 0.4192 | 0.6813 |
| Kenya | (Kenya Shilling) | 96.17 | 64.7783 | 38.8016 | 63.0496 |
| Kiribati | (Australian $) | 2.1178 | 1.4265 | 0.8544 | 1.3884 |
| Korea North | (Won) | 3.1895 | 2.1483 | 1.2868 | 2.091 |
| Korea South | (Won) | 1198.25 | 807.12 | 483.458 | 785.583 |
| Kuwait | (Kuwaiti Dinar) | 0.4410 | 0.297 | 0.1779 | 0.2891 |
| Laos | (New Kip) | 1068.10 | 719.453 | 430.946 | 700.266 |
| Latvia | (Lats) | 0.8480 | 0.5698 | 0.3413 | 0.5546 |
| Lebanon | (Lebanese £) | 2515.57 | 1694.44 | 1014.96 | 1649.23 |
| Lesotho | (Maluti) | 5.1674 | 3.4806 | 2.0848 | 3.3877 |
| Liberia | (Liberian $) | 1.4845 | 1 | 0.5989 | 0.9733 |
| Libya | (Libyan Dinar) | 0.4715 | 0.3175 | 0.1902 | 0.3091 |
| Liechtenstein | (Swiss Fr) | 2.0916 | 1.4088 | 0.8438 | 1.3712 |
| Lithuania | (Litas) | 5.9340 | 3.997 | 2.3941 | 3.8903 |
| Luxembourg | (Lux Fr) | 51.0812 | 34.4073 | 20.6097 | 33.4892 |
| Macao | (Pataca) | 11.84 | 7.9752 | 4.777 | 7.7624 |
| Madagascar | (MG Fr) | 2760.80 | 1859.63 | 1113.9 | 1810 |
| Madeira | (Port Escudo) | 254.675 | 171.545 | 102.754 | 166.967 |
| Malawi | (Kwacha) | 9.7420 | 6.562 | 3.9306 | 6.3866 |
| Malaysia | (Ringgit) | 3.9860 | 2.6849 | 1.6082 | 2.6132 |
| Maldive Is | (Rufiya) | 16.4745 | 11.0969 | 6.6469 | 10.8005 |
| Mali Rep | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Malta | (Maltese Lira) | 0.5742 | 0.3867 | 0.2316 | 0.3764 |
| Martinique | (Local Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Mauritania | (Ouguiya) | 181.60 | 122.323 | 73.2701 | 119.059 |
| Mauritius | (Maur Rupee) | 28.85 | 19.4328 | 11.6401 | 18.9143 |
| Mexico | (Mexican Peso) | 4.9849 | 3.3577 | 2.0112 | 3.2681 |
| Miquelon | (Local Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Monaco | (French Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Mongolia | (Tugrik) | 593.40 | 399.704 | 239.419 | 389.038 |
| Montserrat | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| Morocco | (Dirham) | 13.8245 | 9.3119 | 5.5777 | 9.0634 |
| Mozambique | (Metical) | 8277.70 | 5575.71 | 3339.8 | 5426.93 |
| Namibia | (S A Rand) | 5.1674 | 3.4806 | 2.0848 | 3.3877 |
| Nauru Is | (Australian $) | 2.1178 | 1.4265 | 0.8544 | 1.3884 |
| Nepal | (Nepalese Rupee) | 73.0625 | 49.2135 | 29.4785 | 47.9004 |
| Netherlands | (Guilder) | 2.7862 | 1.8767 | 1.1241 | 1.8266 |
| N'nd Antilles | (A/Guilder) | 2.6555 | 1.7886 | 1.0714 | 1.7409 |
| New Zealand | (NZ $) | 2.6413 | 1.7791 | 1.0656 | 1.7316 |
| Nicaragua | (Gold Cordoba) | 9.6837 | 6.5227 | 3.907 | 6.3487 |
| Niger Rep | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Nigeria | (Naira) | 32.6601 | 21.9992 | 13.1773 | 21.4122 |
| Norway | (Nor. Krone) | 10.7839 | 7.2638 | 4.3508 | 7.07 |
| Oman | (Rial Omani) | 0.5716 | 0.385 | 0.2306 | 0.3747 |

| | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Pakistan | (Pak. Rupee) | 45.2335 | 30.4684 | 18.2503 | 29.6554 |
| Panama | (Balboa) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Papua New Guinea | (Kina) | 1.4104 | 0.95 | 0.569 | 0.9246 |
| Paraguay | (Guarani) | 2667.35 | 1796.66 | 1076.2 | 1748.74 |
| Peru | (New Sol) | 3.2230 | 2.1709 | 1.3003 | 2.113 |
| Philippines | (Peso) | 40.9366 | 27.5741 | 16.5166 | 26.8363 |
| Pitcairn Is | (£ Sterling) | 1.00 | 0.6735 | 0.4034 | 0.6556 |
| | (NZ $) | 2.6413 | 1.7791 | 1.0656 | 1.7316 |
| Poland | (Zloty) | 32836.8 | 22118.3 | 13248.7 | 21528.1 |
| Portugal | (Escudo) | 254.675 | 171.545 | 102.754 | 166.967 |
| Puerto Rico | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Qatar | (Riyal) | 5.3965 | 3.6363 | 2.1781 | 3.5393 |
| Reunion Is. de la | (F/Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| Romania | (Leu) | 2438.29 | 1642.39 | 983.778 | 1598.56 |
| Rwanda | (Fr) | 216.20 | 145.628 | 87.2301 | 141.743 |
| St Christopher | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| St Helena | (£) | 1.00 | 0.6735 | 0.4034 | 0.6556 |
| St Lucia | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| St Pierre | (French Fr) | 8.4640 | 5.7011 | 3.4149 | 5.549 |
| St Vincent | (E Carr $) | 4.0055 | 2.698 | 1.616 | 2.626 |
| San Marino | (Italian Lira) | 2388.04 | 1608.54 | 963.502 | 1565.62 |
| Sao Tome | (Dobra) | 356.05 | 239.829 | 143.656 | 233.429 |
| Saudi Arabia | (Riyal) | 5.5675 | 3.7501 | 2.2463 | 3.6501 |
| Senegal | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Seychelles | (Rupee) | 7.5695 | 5.0986 | 3.054 | 4.9626 |
| Sierra Leone | (Leone) | 853.00 | 574.566 | 344.16 | 559.234 |
| Singapore | ($) | 2.3300 | 1.5694 | 0.94 | 1.5275 |
| Slovakia | (Koruna) | 48.2013 | 32.4676 | 19.4478 | 31.6013 |
| Slovenia | (Tolar) | 197.05 | 132.729 | 79.5037 | 129.188 |
| Solomon Is | ($) | 4.8195 | 3.2463 | 1.9445 | 3.1597 |
| Somali Rep | (Shilling) | 3886.75 | 2618.05 | 1568.19 | 2548.19 |
| South Africa | (Rand) | 5.1674c | 3.4806 | 2.0848 | 3.3877 |
| | | 7.2966g | 4.9148 | 2.9439 | 4.7837 |
| Spain | (Peseta) | 202.084 | 136.12 | 81.5347 | 132.488 |
| Spanish Ports in N Africa | (Sp Peseta) | 202.084 | 136.12 | 81.5347 | 132.488 |
| Sri Lanka | (Rupee) | 72.4386 | 48.7933 | 29.2267 | 47.4913 |
| Sudan Rep | (Dinar) | 45.9985 | 30.977 | 18.5549 | 30.1504 |
| Surinam | (Guilder) | 2.6460 | 1.7836 | 1.0683 | 1.736 |
| Swaziland | (Lilangeni) | 5.1674 | 3.4806 | 2.0848 | 3.3877 |
| Sweden | (Krona) | 11.6053 | 7.8171 | 4.6823 | 7.6085 |
| Switzerland | (Fr) | 2.0916 | 1.4088 | 0.8438 | 1.3712 |
| Syria | (£) | 30.4120 | 20.4848 | 12.2703 | 19.9363 |
| Taiwan | ($) | 39.0734 | 26.3191 | 15.7649 | 25.6168 |
| Tanzania | (Shilling) | 741.75 | 499.63 | 299.274 | 486.298 |
| Thailand | (Baht) | 37.4552 | 25.2291 | 15.112 | 24.5559 |
| Togo Rep | (CFA Fr) | 846.40 | 570.12 | 341.497 | 554.907 |
| Tonga Is | (Pa Anga) | 2.1178 | 1.4265 | 0.8544 | 1.3884 |
| Trinidad/Tobago | ($) | 8.1595 | 5.496 | 3.2921 | 5.3494 |
| Tunisia | (Dinar) | 1.5285 | 1.0292 | 0.6158 | 1.0007 |
| Turkey | (Lira) | 38524.2 | 25949.2 | 15543.4 | 25256.8 |
| Turks & Caicos | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Tuvalu | (Australian $) | 2.1178 | 1.4265 | 0.8544 | 1.3884 |
| Uganda | (New Shilling) | 1505.75 | 1014.25 | 607.525 | 987.183 |
| Ukraine | (Karbovanets) | 18558.60 | 12500.7 | 7487.84 | 12167.2 |
| U A E | (Dirham) | 5.4522 | 3.6725 | 2.1997 | 3.5745 |
| United Kingdom | (£) | 1.00 | 0.6735 | 0.4034 | 0.6556 |
| United States | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Uruguay | (Peso Uruguayo) | 6.9500 | 4.6813 | 2.8041 | 4.5564 |
| Vanuatu | (Vatu) | 173.989 | 117.196 | 70.1993 | 114.069 |
| Vatican | (Lira) | 2388.04 | 1608.54 | 963.502 | 1565.62 |
| Venezuela | (Bolivar) | 170.842 | 115.078 | 68.9295 | 112.006 |
| Vietnam | (Dong) | 16222.10 | 10926.9 | 6545.13 | 10635.4 |
| Virgin Is-British | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Virgin Is-US | (US $) | 1.4846 | 1 | 0.5989 | 0.9733 |
| Western Samoa | (Tala) | 3.8125 | 2.568 | 1.5382 | 2.4995 |
| Yemen (Rep of) | (Rial) | 26.7030 | 17.9866 | 10.7738 | 17.5067 |
| Yemen (Rep of) | (Dinar) | 0.6837 | 0.4605 | 0.2758 | 0.4482 |
| Yugoslavia | (New Dinar) (1) | | | | |
| Zaire Rep | (Zaire) | 216.15 | 145.595 | 87.21 | 141.71 |
| Zambia | (Kwacha) | 1103.35 | 743.137 | 445.168 | 723.366 |
| Zimbabwe | ($) | 11.9867 | 8.074 | 4.8362 | 7.8585 |

*Special Drawing Rights March 30, 1994 United Kingdom £0.954074 United States $1.40674 Germany D Mark2.36853 Japan Yen146.485 European Currency Unit Rates March 31, 1994 United Kingdom £0.777507 United States $1.15464 Germany D Mark1.93114 Japan Yen118.755*

Abbreviations: (a) Free rate, (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate, ‡ CIS applies to states in the Rouble Zone. (1) Yugoslav Dinar rate n/a. (2) Support by Bulgarian banks for Lev withdrawn.
Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Thursday, March 31, 1994

هكذا من الاصل



# WORLD STOCK MARKETS

## EUROPE

AUSTRIA (Mar 31 / Sch.)

BELGIUM/LUXEMBOURG (Mar 31 / Frs.)

DENMARK (Mar 30 / Kr)

FINLAND (Mar 30 / Mk)

FRANCE (Mar 31 / Frs.)

GERMANY (Mar 31 / Dm.)

ITALY (Apr 1 / Lire)

NETHERLANDS (Mar 31 / Fls.)

NORWAY (Mar 30 / Kroner)

SPAIN (Apr 4 / Pts.)

SWEDEN (Mar 31 / Kronor)

SWITZERLAND (Mar 31 / Frs.)

## PACIFIC

JAPAN (Apr 4 / Yen)

AUSTRALIA (Mar 31 / Aus$)

HONG KONG (Mar 31 / H.K.$)

MALAYSIA (Apr 4 / MYR)

SINGAPORE (Apr 4 / S$)

## NORTH AMERICA

CANADA

TORONTO (Apr 4 / Can $)

4 pm close

MONTREAL (Apr 4 / Can $)

4 pm close

## AFRICA

SOUTH AFRICA (Mar 31 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, April 4, 1994

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 3.7m | 323 | | Tokyo Gas | 1.9m | 517 | +2 |
| NEC | 2.3m | 1070 | | Chino | 1.8m | 1220 | -10 |
| Hitachi | 2.3m | 919 | -9 | Sumitomo Elec | 1.8m | 1500 | +20 |
| Fujitsu | 2.1m | 1000 | | Sakura Bank | 1.7m | 1290 | |
| NKK | 2.1m | 250 | +4 | Mitsub'i Heavy | 1.7m | 655 | +4 |

## INDICES

WORLD
MS Capital Int (1/1/70)$ 591.6* 597.9 589.5 641.90 1/2 589.60 4/4

CROSS-BORDER

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Eurotrack 100(26/10/90) | (c) | (c) | 1418.70 | 1540.19 | 31/1 | 1380.89 | 2/3 |
| Euro Top-100 (26/6/90) | 1213.15 | 1215.58 | 1212.65 | 1311.01 | 2/2 | 1202.49 | 2/3 |
| JCapeDgns (31/12/88) | (u) | (c) | (u) | 305.19 | 5/1 | 288.28 | 21/3 |
| Barings Emerg.(7/1/92) | 153.87 | 155.39 | 155.28 | 182.72 | 14/2 | 153.78 | 22/3 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Japan | | | | | | | |
| Nikkei 225 (16/5/49) | 19122.22 | 19277.15 | 19111.00 | 20677.77 | 16/3 | 17369.74 | 4/1 |
| Nikkei 300 (1/10/82) | 285.21 | 287.11 | 286.73 | 304.25 | 1/3 | 268.22 | 4/1 |
| Topix (4/1/68) | 1580.38 | 1571.18 | 1583.21 | 1653.27 | 16/3 | 1445.97 | 4/1 |
| 2nd Section (4/1/68) | 2191.15 | 2201.25 | 2194.54 | 2221.22 | 17/3 | 1873.53 | 4/1 |
| Malaysia | | | | | | | |
| KLSE Comp.(4/4/86) | 928.33 | 959.94 | 952.72 | 1314.46 | 5/1 | 928.33 | 4/4 |

** Sat Apr 2 : Taiwan Weighted Price 5420.98; Korea Comp Ex 855.37. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 28 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 31 - 2142.88 -8.96.

## US INDICES

| Dow Jones | Mar 31 | Mar 30 | Mar 29 | 1994 High | 1994 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 3635.96 | 3626.75 | 3699.02 | 3978.36 (31/1) | 3626.75 (30/3) | 3978.36 (31/1/94) | 41.22 (2/7/32) |
| Home Bonds | 100.46 | 100.70 | 101.19 | 105.61 (21/1) | 100.46 (31/3) | 109.77 (18/10/93) | 54.99 (1/10/81) |
| Transport | 1635.19 | 1639.50 | 1675.36 | 1862.29 (2/2) | 1635.19 (31/3) | 1862.29 (2/2/94) | 12.32 (8/7/32) |
| Utilities | 196.28 | 198.00 | 201.23 | 227.08 (3/1) | 196.28 (31/3) | 256.46 (31/8/93) | 10.50 (8/4/32) |

DJ Ind. Day's high 3673.10 (3718.86 ) Low 3544.12 (3612.38 ) (Theoretical♦)
Day's high 3680.36 (3699.02 ) Low 3539.67 (3626.75 ) (Actual♦)

| Standard and Poors | Mar 31 | Mar 30 | Mar 29 | 1994 High | 1994 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite ‡ | 445.76 | 445.55 | 452.48 | 482.00 (2/2) | 445.55 (30/3) | 482.00 (2/2/94) | 4.40 (1/6/32) |
| Industrials♥ | 521.16 | 521.18 | 528.89 | 588.59 (2/2) | 521.18 (31/3) | 588.59 (2/2/94) | 3.62 (21/6/82) |
| Financial♥ | 42.03 | 41.87 | 42.80 | 46.56 (31/1) | 41.87 (30/3) | 48.48 (28/9/93) | 8.64 (1/10/74) |
| NYSE Comp. | 247.06 | 247.34 | 251.30 | 267.71 (2/2) | 247.06 (31/3) | 267.71 (2/2/94) | 4.46 (25/4/42) |
| Amex Mkt Val | 443.11 | 445.54 | 454.43 | 487.89 (2/2) | 443.11 (31/3) | 487.89 (2/2/94) | 29.31 (9/12/72) |
| NASDAQ Cmp | 743.46 | 744.91 | 755.29 | 803.93 (18/3) | 743.46 (31/3) | 803.93 (18/3/94) | 54.87 (31/10/72) |

■ RATIOS

| | Mar 25 | Mar 18 | Mar 11 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 2.70 | 2.62 | 2.61 | 2.98 |
| | Mar 30 | Mar 23 | Mar 16 | Year ago |
| S & P Ind. Div. yield | 2.51 | 2.39 | 2.37 | 2.49 |
| S & P Ind. P/E ratio | 23.55 | 24.83 | 24.58 | 26.13 |

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 435.80 | 439.40 | -7.35 | 441.75 | 434.75 | 11,120 | 178,734 |
| Sep | 443.75 | 441.10 | -6.85 | 443.75 | 437.00 | 41 | 6,507 |
| Dec | 438.85 | 443.20 | -6.35 | 444.00 | 438.85 | 1 | 4,669 |

Open interest figures are for previous day.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

| | Open | Sett Price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 2074.0 | 2091.1 | +8.1 | 2109.0 | 2067.0 | 29,658 | 11,925 |
| Apr | 2082.0 | 2085.0 | -7.0 | 2118.0 | 2076.0 | 28,120 | 23,254 |
| May | 2070.0 | 2088.0 | -7.0 | 2113.0 | 2077.0 | 8 | 8,380 |

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Close price | Change on day |
|---|---|---|---|
| Chrysler | 6,178,100 | 51⅞ | +1¼ |
| Gen Motors | 5,450,100 | 53⅞ | -⅜ |
| Merck | 4,616,700 | 29⅝ | +⅞ |
| Telefonos | 4,513,900 | 60¼ | +⅞ |
| Woolworth | 4,508,600 | 15⅜ | -1⅞ |
| Eastman Kdk | 4,254,700 | 44⅝ | -¼ |
| RJR Nabisco | 3,942,800 | 5⅝ | -⅛ |
| Wal-Mart | 3,898,700 | 25⅝ | -⅛ |
| IBM | 3,459,400 | 54⅝ | +1 |
| Amer Express | 3,104,700 | 27⅝ | -⅝ |

■ TRADING ACTIVITY

● Volume (million)

| | Mar 31 | Mar 30 | Mar 29 |
|---|---|---|---|
| New York SE | 403.691 | 385.811 | 297.162 |
| Amex | 25.719 | 20.755 | 17.305 |
| NASDAQ | (u) | 398.194 | 309.556 |
| NYSE | | | |
| Issues Traded | (u) | 2,794 | 2,777 |
| Rises | (u) | 350 | 271 |
| Falls | (u) | 2,044 | 2,027 |
| Unchanged | (u) | 400 | 479 |
| New Highs | (u) | 4 | 5 |
| New Lows | (u) | 434 | 223 |

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

## WORLD STOCK MARKETS

AMERICA

# Dow suffers sharp loss in early trading

### Wall Street

US stocks fell sharply yesterday morning as investors scurried to square their positions after a Good Friday sell-off in bonds, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 35.85 down at 3,599.11, but well above its lowest point of the session. The more broadly based Standard & Poor's 500 lost 5.87 at 439.89, while declining issues swamped advances by 1,976 to 370 in heavy trade.

In the secondary markets, share prices also dropped precipitously. The American SE composite was 7.65, or 1.7 per cent, lower at 435.46 and the Nasdaq composite weakened 13.86, or 1.7 per cent, to 729.60.

The tumultuous opening was no surprise. It was widely expected since Friday, when the Labor Department released March employment data showing the biggest monthly gain in non-farm payrolls since October 1987. Bond prices plunged and yields surged as a result.

The stock markets were closed in observance of Good Friday, and equity investors had the weekend to mull over the implications of the data for financial markets already unsettled by the threat of higher interest rates.

Their conclusion brought a wave of selling at the opening, pushing the Dow industrials down by as much as 80 points. But prices managed to crawl off the session's lows and stabilise soon after. Investors were reassured by the fact that the morning failed to bring another sharp setback in bonds.

Treasury prices were down slightly in choppy activity, as a benign reading on the economy from the National Association of Purchasing Management helped to cool the worst inflationary fears fanned by Friday's jobs data.

Grumman was marked down \$3 to \$61⅝ after its board accepted a \$62-a-share tender offer from Northrop, which dropped \$2¼ to \$37⅝. Martin Marietta, which had offered \$55 a share, slipped \$⅛ to \$43⅛.

Woolworth hit yet another 52-week low at \$13⅞. The stock shed \$1¼ on the news that senior executives had stepped down temporarily amid an internal investigation of accounting irregularities.

### Canada

Toronto stocks were stable at midday after tumbling 85 points in the morning session.

The TSE's composite 300 index was off 75.48 at 4,254.14, in thin turnover of C\$340m.

South African markets were closed yesterday for a holiday.

EUROPE

# Madrid at low for 1994

Most of Europe's bourses remained shut yesterday for the Easter holiday.

**MADRID** showed the effect of volatility in the US, with the general index falling nearly 3 per cent to a new low for the year. The index shed 9.3 to 310.18. Turnover was thin at Pta17.2bn.

Telefónica, the day's most active issue, dropped Pta45 to Pta1,620 in volume of some 1.8m shares.

Repsol suffered the most, losing Pta225, or 5.3 per cent, at Pta4,040, while Endesa weakened 3.8 per cent to Pta6,840. Sevillana fell nearly 5 per cent on volume of 260,000 shares.

**ISTANBUL** jumped almost 9 per cent in expectation that the government would announce an economic stabilisation package today. The composite index put on 1,328.72 at 16,356.48. The equity market was unmoved by a 12 per cent fall in the value of the Turkish lira against the dollar.

# Italians, cyclicals, consumer stocks lead Europe

## The first quarter of 1994 was no time to be a French company, or financial, writes William Cochrane

Italian stocks rocketed in the first quarter of 1994, their French counterparts fell, and the oft-mooted switch between financials and cyclical shares was on in a big way.

Italy, a below average performer in October and November last year, kicked strongly in December, built on its enthusiasm, and came up with three of the four top performers in the FT-SE Eurotrack 100 index for the first three months of this year.

A wave of political optimism, privatisation hopes and a continued upswing in cyclicals lifted the telecoms duo, Sip and Stet, and the carmaker Fiat to an average gain of 39 per cent in local currency terms, compared with a fall of 6 per cent in October/December 1993.

Nordic-domiciled stocks are also heavily weighted in the top 10, taking first place and four in all. Once again, this reflects the strength of their domestic equity markets during the quarter; and, taking in Nokia, Electrolux and Volvo, it emphasises the consumer goods orientation which is allied to the current swing to cyclicals.

At the bottom end of the table, the "dogs" are mainly French, financials or both. The French insurers UAP and Axa were very nearly joined by ING, of the Netherlands, and the massive Allianz, of Germany. They are in company with five banking groups: French, Swiss and Irish.

Mr Sasha Serafimovski, a vice-president at Merrill Lynch in London, said in mid-March that the group believed economic growth was likely to surprise on the upside in 1995 and stocks geared to demand will prove the best performers. "The theme of falling interest rates aiding bank stock outperformance," he wrote, "is now a dead duck in Europe."

Mr Graham Warren, an insurance analyst at Goldman Sachs, says the insurance companies at the bottom end of the performance table have exaggerated a general trend. "European equities have fallen by around 5 per cent this year," he says, "insurers have underperformed by 5 to 10 per cent and, when funds are looking to sell, they are likely to move first on big, liquid stocks like Allianz and Axa."

Higher interest rates have meant lower bond markets. "Insurers are nowhere near as interest rate sensitive as is generally assumed," maintains Mr Warren, "with their bond holdings matched by liabilities on the other side of the balance sheet; however, investors are not prepared to take the counter-view until there is some stability in the investment market."

Mr Nick Stevenson, European equity strategist at S.G. Warburg Securities, says first quarter Euro-performance has brought together a collection of investment themes.

Alcatel, the second worst performer, is French but cyclical. Its story, however, says Mr Stevenson, has a pan European flavour; the company, and both Siemens and Ericsson to lesser degrees, have suffered from the slowing of the gravy train in big public telecommunications switching equipment, with the trend to digital extension almost having run its course.

Alcatel, too, has been the biggest stock in EAFA (European, Australian and Far East) investment fund portfolios and has been overowned.

Similarly, Astra's position in the bottom 10, says Mr Stevenson, also has a thematic quality about it which is linked to Alcatel's recent unpopularity. It is a Swedish stock, traded heavily on international markets; "very international, very American influenced".

Astra produced outstanding results at the end of February, says Mr David Longmuir, a Nordic specialist at James Capel. But worries mounted about pharmaceuticals in general, and about Astra's ulcer drug, Losec, which saw a German threat to its intravenous application at the beginning of March, as well as more general worries about competitive and cheaper ulcer products.

Nokia, the best performing Nordic stock, had a very grim 1992 but came back extremely strongly in 1993 with a gain of 209 per cent before topping the charts this year so far. It is one of Europe's biggest television set makers; this may not be wildly exciting, but it ties in with the theory that cyclical and consumer stocks should be this year's performance issues.

Nokia is also big in mobile phones, much bigger, says Mr Longmuir, than anyone anticipated, and investors have been having a serious affair with the mobile phone market.

Also in Finland, Outokompu, the metals company, has risen on Finland's outstanding stock market performance last year, this year's follow-through and a desperate search for new stories among the country specialists. Outokompu is very big in copper, also in nickel and zinc, and this year's strategic preference for commodity-based issues has given it wings.

Electrolux is one of Europe's largest white goods manufacturers, and there have been some optimistic stories around. However, the company, effectively, is going to take over AEG's household appliances operations and may need to issue equity to fund it; the Stockholm market is edgy about rights issues this year.

Among the carmakers, probably the most exciting story has been the rise and rise of Fiat, a serious laggard in 1992, an outperformer in 1993 and the best performing car assembler of 1994 so far. Meanwhile, BMW, with its acquisition of the UK's Rover car company, has grabbed the attention of investors looking for the big story, especially with the news – right at the end of the quarter – that BMW was finding its acquisition "even more interesting" than when it bid for it.

**FT-SE EUROTRACK 100: WINNERS AND LOSERS, JANUARY 1 - MARCH 31**

| Top 10 | Actual change % | Change* relative to Eurotrack 100 % | Bottom 10 | Actual change % | Change* relative to Eurotrack 100 % |
|---|---|---|---|---|---|
| Nokia | 36.48 | 44.47 | UAP | (-21.29) | (-18.61) |
| Sip | 33.40 | 41.75 | Alcatel Alsthom | (-20.90) | (-18.21) |
| Stet | 30.59 | 38.77 | Astra | (-20.43) | (-15.29) |
| Fiat | 28.44 | 36.48 | Axa | (-19.25) | (-16.50) |
| Electrolux | 26.76 | 34.95 | RWE | (-18.13) | (-14.98) |
| Outokompu | 25.44 | 32.80 | Sté Générale | (-17.75) | (-14.86) |
| Mediobanca | 16.12 | 23.39 | Allied Irish Banks | (-17.38) | (-15.88) |
| BMW | 14.75 | 19.17 | CS Holding | (-15.20) | (-10.75) |
| LVMH | 13.39 | 17.24 | Swiss Bank Co. | (-14.71) | (-10.23) |
| Volvo | 13.17 | 20.48 | Bank of Ireland | (-14.47 | (-12.92) |

*Actual changes are in local currencies; relative gains and losses are affected by currency fluctuations.

ASIA PACIFIC

# Nikkei and region fall in fear of Wall Street decline

### Tokyo

Fears that Wall Street may suffer further falls discouraged investors, and equities lost ground again, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average ended 154.94, or 0.8 per cent, off at 19,122.22. The index opened at the day's high of 19,232.85 and fell as low as 18,896.48 during the morning session.

Investors were worried that the New York stock market would continue to lose ground this week following last week's rise in US long-term interest rates, triggered by firm US labour data.

However, market participants were reluctant to sell below the Nikkei 19,000 level due to concern that institutions will come in to support the index.

Institutional investors, expected to buy stocks following the turn of the new business year, were absent. Volume stayed flat, at 230m shares, and trading was dominated by arbitrage-linked activity.

The Topix index of all first section stocks finished 10.80 down at 1,560.38 and the Nikkei 300 declined 1.90 to 285.21. Falls outscored rises by 754 to 254, with 163 issues unchanged.

In spite of the rise in the dollar against the yen, high-technology issues were depressed. Matsushita Electric Industrial slipped Y10 to Y1,700 and Sony receded Y40 to Y5,890. Auto makers were also lower, with Nissan Motor losing Y15 at Y814.

Arbitrage selling hit banks, Industrial Bank of Japan declining Y10 to Y3,000 and Fuji Bank Y60 to Y2,100. Brokers were lower, Nomura Securities dipping Y30 to Y2,200.

Nippon Telegraph and Telephone retreated Y2,000 to Y903,000. Reports that the company may be forced to postpone its increase in city rates, due to the cabinet's concern over the rise in a number of public fees on the economy, prompted selling by some investors.

Housing shares were higher on hopes of rising demand. Misawa Homes firmed Y10 to Y1,040 and Daiwa House Industry Y20 to Y1,550.

In Osaka, the OSE average fell 189.27 to 21,366.88 in volume of 7.1m shares. Nintendo, the video game maker, lost Y100 at Y6,630 on profit-taking.

### Roundup

Wall Street worries gave most of the region a bad day. Hong Kong, Taiwan, Australia and New Zealand were closed for holidays.

**KUALA LUMPUR** blamed Wall Street, rather than the central bank's currency losses, as investors liquidated their holdings. The KLSE composite index ended 31.61, or 3.3 per cent, lower at 928.33.

Dealers said the market was jittery about the effect of the sharp fall in US bond prices last week on the Dow Industrial average. The day's losers included Genting, Telekoms and Maybank, in thin volumes. Some 114.8m shares worth M\$503m were traded.

**BANGKOK** added some domestic political uncertainty, and the SET index closed 35.94, or 2.9 per cent, down at 1,196.59 in wafer thin turnover of Bt2.8bn, against Friday's Bt2.7bn, the lowest of the year.

**KARACHI** noted that foreign funds and local institutions kept to the sidelines as the KSE 100 index fell 62.43, or 2.5 per cent, to 2,448.71 on profit-taking by jobbers. Volume was low, and the jobber selling was described as speculative.

**MANILA** was led down by the big blue chips, Manila Electric and Philippine Long Distance Telephone. Meralco "B" and PLDT each dipped by about 2 per cent, to 462.50 pesos and 1,700 pesos respectively, as the composite index declined 57.80, or 2.1 per cent, to 2,653.70.

**SINGAPORE** fell in sympathy with the weak US bond market and in the absence of Hong Kong-based fund buying. The Straits Times Industrial index ended 41.78, or 2 per cent, off at 2,039.12.

**SEOUL** staged a technical rebound centred on blue chips, asset play counters and low price/earnings ratio issues, which left the composite index 5.10 up at 860.47. There were rumours that the government may be considering measures to attract foreign investors, but the Finance Ministry denied these and brokers did not foresee an upward trend.



## COMMODITIES PRICES

### BASE METALS

**HIGH GRADE COPPER (COMEX)**

| | Close | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 87.40 | +0.80 | 87.40 | 86.80 | 1,171 | 373 |
| May | 87.80 | +1.05 | 88.20 | 86.25 | 33,416 | 7,944 |
| Jun | 87.90 | +1.05 | 87.90 | 87.90 | 614 | 37 |
| Jul | 87.90 | +0.90 | 88.40 | 86.60 | 15,460 | 2,254 |
| Aug | 88.00 | +0.90 | 87.00 | 87.00 | 440 | 7 |
| Sep | 88.05 | +0.90 | 88.25 | 86.80 | 4,257 | 211 |
| Total | | | | | N/A | 11,187 |

### PRECIOUS METALS

**GOLD COMEX (100 Troy oz.; $/troy oz.)**

| | Sett price | Day's change | High | Low | Open int | Vol. |
|---|---|---|---|---|---|---|
| Apr | 386.3 | -5.5 | 393.0 | 385.5 | 4,631 | 3,938 |
| May | 387.4 | -5.6 | - | - | - | 108 |
| Jun | 388.7 | -5.6 | 395.8 | 388.0 | 88,101 | 37,375 |
| Aug | 391.4 | -5.5 | 398.2 | 390.2 | 9,067 | 822 |
| Oct | 394.2 | -5.4 | 399.6 | 395.4 | 5,123 | 205 |
| Dec | 397.1 | -5.3 | 404.5 | 396.0 | 14,224 | 575 |
| Total | | | | | 146,089 | 43,831 |

**PLATINUM NYMEX (50 Troy oz.; $/troy oz.)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Apr | 415.5 | -7.7 | 420.0 | 414.0 | 1,154 | 657 |
| Jul | 418.5 | -8.4 | 424.0 | 416.6 | 21,382 | 5,372 |
| Oct | 419.0 | -8.6 | 425.0 | 418.5 | 1,634 | 172 |
| Jan | 419.6 | -8.6 | 425.0 | 420.0 | 585 | 6 |
| Apr | 420.8 | -9.1 | 428.0 | 422.5 | 841 | 7 |
| Total | | | | | 25,596 | 6,214 |

**PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Jun | 136.10 | -0.85 | 137.75 | 135.50 | 3,967 | 292 |
| Sep | 136.70 | -0.65 | 135.75 | 135.70 | 427 | 16 |
| Dec | 135.85 | -0.65 | - | - | 261 | - |
| Total | | | | | 4,655 | 308 |

**SILVER COMEX (100 Troy oz.; $/troy oz.)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Apr | 557.8 | -19.3 | - | - | - | - |
| May | 559.2 | -19.3 | 582.0 | 554.0 | 72,319 | 20,810 |
| Jun | 561.2 | -19.3 | 568.0 | 566.0 | 19,552 | 2,058 |
| Jul | 563.4 | -19.3 | 586.5 | 557.0 | 5,647 | 292 |
| Sep | 567.9 | -19.3 | 590.5 | 565.0 | 9,694 | 403 |
| Dec | 574.6 | -19.3 | 597.0 | 571.0 | 28 | - |
| Total | | | | | 118,464 | 23,609 |

### ENERGY

**CRUDE OIL NYMEX (42,000 US galls. $/barrel)**

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 15.44 | +0.65 | 15.54 | 14.85 | 108,668 | 43,597 |
| Jun | 15.52 | +0.62 | 15.64 | 14.78 | 77,801 | 23,001 |
| Jul | 15.62 | +0.60 | 15.70 | 14.88 | 38,382 | 7,922 |
| Aug | 15.74 | +0.59 | 15.80 | 15.03 | 20,974 | 2,471 |
| Sep | 15.80 | +0.51 | 15.85 | 15.20 | 22,221 | 1,789 |
| Oct | 15.98 | +0.56 | 16.00 | 15.35 | 12,198 | 769 |
| Total | | | | | 412,143 | 84,484 |

**HEATING OIL NYMEX (42,000 US galls.; c/US galls.)**

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 45.30 | +1.23 | 45.65 | 43.35 | 2,056 | 15,618 |
| Jun | 44.95 | +1.18 | 45.30 | 43.10 | 57,105 | 23,740 |
| Jul | 45.25 | +1.08 | 45.60 | 43.60 | 41,323 | 6,548 |
| Aug | 46.00 | +1.13 | 46.10 | 44.35 | 26,594 | 6,256 |
| Sep | 47.00 | +1.09 | 47.00 | 45.50 | 11,334 | 800 |
| Oct | 47.90 | +0.58 | 47.55 | 46.50 | 9,431 | 1,306 |
| Total | | | | | 181,723 | 53,027 |

**NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)**

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 2.110 | +0.035 | 2.115 | 2.070 | 17,729 | 2,273 |
| Jun | 2.110 | +0.023 | 2.115 | 2.085 | 11,154 | 610 |
| Jul | 2.110 | +0.018 | 2.115 | 2.090 | 10,462 | 858 |
| Aug | 2.115 | +0.006 | 2.120 | 2.105 | 10,150 | 501 |
| Sep | 2.140 | +0.007 | 2.140 | 2.135 | 10,876 | 131 |
| Oct | 2.180 | +0.005 | 2.175 | 2.170 | 6,480 | 52 |
| Total | | | | | 116,253 | 5,438 |

**UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)**

| | Latest price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 48.60 | +1.17 | 48.95 | 46.00 | 2,236 | 15,791 |
| Jun | 48.55 | +0.93 | 48.95 | 46.90 | 54,724 | 23,543 |
| Jul | 48.40 | +0.88 | 48.50 | 46.80 | 30,723 | 6,434 |
| Aug | 48.25 | +0.98 | 48.30 | 46.50 | 10,594 | 2,831 |
| Sep | 47.70 | +0.83 | 47.75 | 46.25 | 9,024 | 1,108 |
| Oct | 46.60 | +1.03 | 46.60 | 46.60 | 5,850 | 457 |
| Total | | | | | 117,808 | 58,361 |

### GRAINS AND OIL SEEDS

**WHEAT CBT (5,000bu min; cents/60lb bushel)**

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 336/2 | +6/4 | 338/0 | 330/0 | 84,425 | 10,560 |
| Jul | 327/0 | +3/6 | 329/0 | 323/6 | 109,565 | 23,425 |
| Sep | 329/0 | +3/6 | 330/2 | 325/2 | 19,565 | 1,440 |
| Dec | 338/0 | +4/2 | 339/0 | 333/6 | 24,580 | 1,900 |
| Mar | 340/0 | +4/2 | 340/0 | 337/0 | 850 | - |
| May | 340/0 | +4/2 | - | - | 5 | - |
| Total | | | | | 238,335 | 37,405 |

**MAIZE CBT (5,000 bu min; cents/56lb bushel)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 272/0 | -2/6 | 277/0 | 271/2 | 534,215 | 149,165 |
| Jul | 276/0 | -3/6 | 280/4 | 275/2 | 599,010 | 93,960 |
| Sep | 266/2 | -2/0 | 270/2 | 265/0 | 133,985 | 8,350 |
| Dec | 258/6 | +0/6 | 260/4 | 256/0 | 321,850 | 53,305 |
| Mar | 263/2 | 0 | 267/0 | 263/2 | 23,575 | 1,225 |
| May | 268/0 | +1/4 | 270/0 | 268/0 | 1,875 | 115 |
| Total | | | | | 1,626M | 306,910 |

**SOYABEANS CBT (5,000bu min; cents/60lb bushel)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 652/4 | -29/2 | 676/4 | 652/0 | 261,805 | 82,560 |
| Jul | 653/4 | -30/0 | 679/4 | 653/4 | 251,440 | 87,340 |
| Aug | 647/0 | -30/0 | 671/0 | 647/0 | 42,280 | 3,345 |
| Sep | 628/6 | -29/6 | 649/0 | 628/4 | 23,310 | 1,975 |
| Nov | 617/0 | -28/4 | 637/0 | 616/4 | 160,290 | 28,440 |
| Jan | 622/4 | -27/6 | 641/4 | 621/4 | 15,805 | 660 |
| Total | | | | | 765,820 | 204,950 |

**SOYABEAN OIL CBT (60,000lbs; cents/lb)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 27.77 | -1.00 | 28.58 | 27.77 | 29,424 | 7,480 |
| Jul | 27.71 | -1.00 | 28.40 | 27.71 | 28,397 | 4,457 |
| Aug | 27.38 | -0.99 | 28.05 | 27.37 | 9,524 | 642 |
| Sep | 26.89 | -0.98 | 27.60 | 26.88 | 8,544 | 515 |
| Oct | 26.00 | -0.97 | 26.67 | 25.97 | 6,987 | 403 |
| Dec | 25.44 | -1.00 | 26.15 | 25.44 | 13,975 | 1,117 |
| Total | | | | | 99,888 | 14,780 |

**SOYABEAN MEAL CBT (100 tons; $/ton)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 185.7 | -8.0 | 192.2 | 184.7 | 24,670 | 9,837 |
| Jul | 185.6 | -9.0 | 193.0 | 185.2 | 26,275 | 4,516 |
| Aug | 185.2 | -8.5 | 191.6 | 185.0 | 6,801 | 841 |
| Sep | 184.3 | -8.2 | 191.5 | 184.0 | 5,886 | 465 |
| Oct | 182.8 | -7.7 | 189.0 | 182.2 | 3,568 | 288 |
| Dec | 181.8 | -7.6 | 188.0 | 181.0 | 9,904 | 1,050 |
| Total | | | | | 78,230 | 17,001 |

### SOFTS

**COCOA CSCE (10 tonnes; $/tonnes)**

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| May | 1122 | -26 | 1147 | 1116 | 27,062 | 3,178 |
| Jul | 1152 | -27 | 1175 | 1148 | 24,355 | 2,738 |
| Sep | 1180 | -25 | 1200 | 1175 | 9,968 | 302 |
| Dec | 1218 | -20 | 1237 | 1212 | 6,877 | 77 |
| Mar | 1251 | -16 | 1263 | 1250 | 10,283 | 581 |
| May | 1270 | -22 | 1292 | 1266 | 5,534 | 11 |
| Total | | | | | 87,749 | 8,322 |

**COCOA (ICCO) (SDR's/tonne)**

| Mar 30/31 | Price | Prev. day |
|---|---|---|
| Daily | 896.92 | 898.15 |
| 10 day average | 938.78 | 946.03 |

**COFFEE 'C' CSCE (37,500lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 80.40 | -1.80 | 81.80 | 79.80 | 29,989 | 5,420 |
| Jul | 82.15 | -1.60 | 83.35 | 81.55 | 14,480 | 1,599 |
| Sep | 83.60 | -1.50 | 84.75 | 83.00 | 6,417 | 509 |
| Dec | 84.85 | -1.50 | 86.00 | 84.40 | 4,076 | 510 |
| Mar | 86.00 | -1.20 | 86.50 | 85.95 | 1,716 | 256 |
| May | 86.80 | -1.25 | - | - | 280 | 28 |
| Total | | | | | 58,984 | 8,322 |

**COFFEE (ICO) (US cents/pound)**

| Mar 30 | Price | Prev. day |
|---|---|---|
| Comp. daily | 77.18 | 77.20 |
| 15 day average | 77.20 | 77.04 |

**SUGAR '11' CSCE (112,000lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 11.85 | -0.11 | 11.98 | 11.74 | 51,975 | 5,431 |
| Jul | 12.17 | -0.05 | 12.25 | 12.04 | 38,180 | 2,358 |
| Oct | 11.67 | -0.10 | 11.75 | 11.59 | 30,946 | 1,593 |
| Mar | 11.33 | -0.10 | 11.43 | 11.30 | 14,698 | 660 |
| May | 11.32 | -0.10 | 11.40 | 11.35 | 1,946 | 27 |
| Jul | 11.30 | -0.10 | 11.37 | 11.32 | 1,066 | 1 |
| Total | | | | | 139,153 | 10,080 |

**COTTON NYCE (50,000lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 77.03 | -1.18 | 77.69 | 76.65 | - | 5,516 |
| Jul | 77.73 | -1.10 | 78.48 | 77.71 | - | 3,525 |
| Oct | 73.80 | -1.15 | 74.15 | 73.60 | - | 362 |
| Dec | 71.35 | -1.38 | 71.75 | 70.95 | - | 1,685 |
| Mar | 72.03 | -1.55 | 72.65 | 71.58 | - | 87 |
| May | 72.50 | -2.00 | 72.95 | 72.50 | - | 17 |
| Total | | | | | N/A | N/A |

### Softs continued

**ORANGE JUICE NYCE (15,000lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 101.30 | -5.95 | 106.25 | 101.00 | - | 4 |
| Jul | 105.15 | -5.00 | 108.75 | 105.15 | - | 1,324 |
| Sep | 107.40 | -5.00 | 110.00 | 107.40 | - | 147 |
| Nov | 106.10 | -4.95 | 109.00 | 106.50 | - | 16 |
| Jan | 107.95 | -4.80 | 110.25 | 107.80 | - | 49 |
| Mar | 110.25 | -5.00 | 112.25 | 110.25 | - | 33 |
| Total | | | | | N/A | 1,573 |

### MEAT AND LIVESTOCK

**LIVE CATTLE CME (40,000lbs; cents/lbs)**

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Apr | 77.560 | +0.925 | 77.750 | 76.900 | 25,083 | 518 |
| Jun | 74.725 | +0.450 | 74.825 | 74.325 | 27,287 | 180 |
| Aug | 72.950 | +0.475 | 73.050 | 72.575 | 12,893 | 53 |
| Oct | 74.050 | +0.425 | 74.100 | 73.625 | 10,438 | 2 |
| Dec | 74.150 | +0.250 | 74.200 | 73.850 | 3,071 | 71 |
| Feb | 73.925 | +0.275 | 74.150 | 73.775 | 1,298 | 74 |
| Total | | | | | N/A | N/A |

**LIVE HOGS CME (40,000lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Apr | 46.800 | +0.150 | 46.975 | 46.625 | 4,388 | 129 |
| Jun | 53.225 | +0.375 | 53.475 | 52.950 | 15,800 | 99 |
| Jul | 52.675 | +0.500 | 52.925 | - | 4,661 | 3 |
| Aug | 50.275 | +0.100 | 50.700 | 50.250 | 2,793 | 226 |
| Oct | 46.200 | +0.025 | 46.600 | 46.200 | 1,791 | 3 |
| Dec | 46.725 | - | 47.000 | 46.700 | 2,315 | 2 |
| Total | | | | | N/A | N/A |

**PORK BELLIES CME (40,000lbs; cents/lbs)**

| | | | | | | |
|---|---|---|---|---|---|---|
| May | 56.850 | -0.425 | 57.900 | 56.750 | 4,700 | 38 |
| Jul | 57.150 | -0.275 | 57.900 | 56.900 | 3,734 | 20 |
| Aug | 54.800 | -0.100 | 55.400 | 54.500 | 587 | 41 |
| Feb | 57.500 | -0.350 | 58.500 | 57.500 | 104 | 11 |
| Mar | 57.300 | -0.300 | - | 57.300 | 10 | 1 |
| May | 57.600 | - | - | - | 8 | 1 |
| Total | | | | | N/A | N/A |

**VOLUME DATA**
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-873 4378.

## AUTHORISED UNIT TRUSTS

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in *the last column of the* FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

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Thornton Unit Managers Ltd (1200)F

## OTHER UK UNIT TRUSTS

## INSURANCES

# FT MANAGED FUNDS SERVICE

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Scottish Amicable

Standard Life Assurance Company

Windsor Life Assur Co Ltd - Contd.

Providence Capital International Ltd - Contd.

Fidelity Money Funds - Contd.

Bellwest Management (Guernsey) Ltd

Scottish Value Management (Ireland) Ltd (u)

Appleton Financial Advisors Ltd

City Financial Admin (IoM) Ltd

Singer & Friedlander Inv Funds Ltd (u)

Duncan Lawrie Inv. Mgt. Ltd

CIBC Fund Managers (Guernsey) Ltd

John Govett Management (IoM) Ltd

## OFFSHORE INSURANCES

## GUERNSEY (SIB RECOGNISED)

## IRELAND (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## IRELAND (SIB RECOGNISED)

## MANAGEMENT SERVICES

## JERSEY (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

# OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

## GUERNSEY (REGULATED)(**)

# FT MANAGED FUNDS SERVICE

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## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES AND MONEY

## POUND SPOT FORWARD AGAINST THE POUND

| Apr 4 | | Closing mid-point | Change on day | Bid/offer spread | Day's Mid high | Day's Mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 17.2600 | -0.1244 | 504 - 695 | 17.3961 | 17.2577 | 17.2562 | 0.3 | 17.2506 | 0.2 | - | - | 113.4 |
| Belgium | (BFr) | 51.2882 | -0.166 | 428 - 335 | 51.4794 | 51.2320 | 51.3332 | -1.1 | 51.4082 | -0.9 | 51.6082 | -0.6 | 114.9 |
| Denmark | (DKr) | 9.7825 | -0.0414 | 765 - 885 | 9.8325 | 9.7632 | 9.7926 | -1.2 | 9.8059 | -1.0 | 9.8157 | -0.3 | 114.6 |
| Finland | (FM) | 8.0524 | -0.0339 | 423 - 624 | 8.1650 | 8.0440 | - | - | - | - | - | - | 81.5 |
| France | (FFr) | 8.4856 | -0.036 | 904 - 006 | 8.5407 | 8.4438 | 8.5021 | -0.9 | 8.5159 | -1.0 | 8.5317 | -0.4 | 108.0 |
| Germany | (DM) | 2.4892 | -0.0104 | 876 - 907 | 2.5030 | 2.4705 | 2.4904 | -0.6 | 2.4915 | -0.4 | 2.4827 | 0.3 | 123.3 |
| Greece | (Dr) | 385.862 | -1.658 | 371 - 353 | 367.705 | 366.353 | - | - | - | - | - | - | - |
| Ireland | (I£) | 1.0395 | +0.0109 | 382 - 407 | 1.0437 | 1.0374 | 1.0402 | -0.8 | 1.0416 | -0.8 | 1.0464 | -0.7 | 102.5 |
| Italy | (L) | 2393.16 | -9.1 | 088 - 544 | 2399.45 | 2388.73 | 2398.36 | -3.1 | 2412.28 | -3.2 | 2457.86 | -2.7 | 77.8 |
| Luxembourg | (LFr) | 51.2882 | -0.166 | 428 - 335 | 51.4794 | 51.2320 | 51.3332 | -1.1 | 51.4082 | -0.9 | 51.6082 | -0.6 | 114.9 |
| Netherlands | (Fl) | 2.7962 | -0.0105 | 938 - 986 | 2.8055 | 2.7718 | 2.7967 | -0.2 | 2.7985 | 0.0 | 2.7941 | 0.1 | 118.5 |
| Norway | (NKr) | 10.8241 | +0.0941 | 189 - 292 | 10.8654 | 10.6802 | 10.8184 | 0.6 | 10.831 | -0.3 | 10.8221 | 0.0 | 94.7 |
| Portugal | (Es) | 255.437 | -0.979 | 617 - 256 | 256.256 | 254.844 | 256.412 | -4.6 | 258.357 | -4.6 | - | - | - |
| Spain | (Pta) | 202.422 | -0.912 | 170 - 674 | 203.338 | 202.170 | 202.927 | -3.0 | 203.912 | -2.9 | 207.372 | -2.4 | 85.4 |
| Sweden | (SKr) | 11.6194 | -0.081 | 081 - 307 | 11.6834 | 11.5378 | 11.6404 | -2.2 | 11.6764 | -2.0 | 11.7954 | -1.5 | 76.4 |
| Switzerland | (SFr) | 2.0898 | -0.0129 | 884 - 912 | 2.1013 | 2.0868 | 2.0882 | 0.9 | 2.0838 | 1.2 | 2.0571 | 1.6 | 118.5 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 79.2 |
| Ecu | - | 1.2892 | -0.0054 | 878 - 905 | 1.2951 | 1.2879 | 1.2904 | -1.1 | 1.2924 | -1.0 | 1.2956 | -0.5 | - |
| SDR† | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.4641 | -0.0104 | 621 - 660 | 1.4749 | 1.4621 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 1384.28 | +17.54 | 378 - 473 | 1372.00 | 1343.00 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.0448 | -0.0007 | 437 - 458 | 2.0541 | 2.0411 | 2.0437 | 0.6 | 2.0435 | 0.3 | 2.0484 | -0.2 | 86.8 |
| Mexico | (New Peso) | 4.8168 | -0.0343 | 078 - 258 | 4.9486 | 4.9078 | - | - | - | - | - | - | - |
| USA | ($) | 1.4655 | -0.009 | 650 - 660 | 1.4750 | 1.4650 | 1.4636 | 1.6 | 1.4602 | 1.5 | 1.4516 | 0.9 | 65.5 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.0769 | -0.0154 | 754 - 783 | 2.0872 | 2.0745 | 2.0754 | 0.9 | 2.073 | 0.7 | 2.0711 | 0.3 | - |
| Hong Kong | (HK$) | 11.3242 | -0.069 | 196 - 288 | 11.3968 | 11.3196 | 11.3112 | 1.4 | 11.3058 | 0.7 | 11.2567 | 0.6 | - |
| India | (Rs) | 45.9709 | -0.2768 | 497 - 921 | 46.2830 | 45.9497 | - | - | - | - | - | - | - |
| Japan | (Y) | 151.291 | -1.247 | 158 - 423 | 153.410 | 151.158 | 150.931 | 2.9 | 150.091 | 3.2 | 146.556 | 3.1 | 188.5 |
| Malaysia | (M$) | 3.9238 | -0.0182 | 189 - 289 | 3.9474 | 3.9189 | - | - | - | - | - | - | - |
| New Zealand | (NZ$) | 2.6007 | -0.0144 | 975 - 039 | 2.6088 | 2.5961 | 2.6036 | -1.3 | 2.6079 | -1.1 | 2.6165 | -0.6 | - |
| Philippines | (Peso) | 40.4113 | -0.2482 | 410 - 815 | 41.5109 | 40.0561 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 5.4960 | -0.0338 | 938 - 981 | 5.5315 | 5.4938 | - | - | - | - | - | - | - |
| Singapore | (S$) | 2.3009 | -0.0148 | 993 - 024 | 2.3166 | 2.2993 | - | - | - | - | - | - | - |
| S Africa (Com.) | (R) | 5.1011 | -0.0313 | 982 - 039 | 5.1330 | 5.0982 | - | - | - | - | - | - | - |
| S Africa (Fin.) | (R) | 7.2176 | -0.0296 | 078 - 274 | 7.2312 | 7.1968 | - | - | - | - | - | - | - |
| South Korea | (Won) | 1188.54 | -5.37 | 606 - 702 | 1194.15 | 1186.06 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 38.6672 | -0.2008 | 467 - 877 | 38.9100 | 38.6467 | - | - | - | - | - | - | - |
| Thailand | (Bt) | 37.0406 | -0.1684 | 206 - 605 | 37.2590 | 37.0350 | - | - | - | - | - | - | - |

†SDR rate for Mar 30. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Apr 4 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | J.P Morgan index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 11.7775 | -0.0125 | 750 - 800 | 11.8100 | 11.7800 | 11.796 | -1.9 | 11.8247 | -1.6 | 11.8362 | -0.5 | 102.7 |
| Belgium | (BFr) | 34.9970 | +0.101 | 780 - 160 | 35.0200 | 34.9030 | 35.077 | -2.7 | 35.192 | -2.2 | 35.457 | -1.3 | 104.0 |
| Denmark | (DKr) | 6.6752 | +0.0127 | 734 - 770 | 6.6821 | 6.6493 | 6.6909 | -2.8 | 6.7154 | -2.4 | 6.7582 | -1.2 | 102.9 |
| Finland | (FM) | 5.4946 | +0.0105 | 896 - 996 | 5.5409 | 5.4734 | 5.5013 | -1.5 | 5.5081 | -1.1 | 5.5208 | -0.5 | 76.7 |
| France | (FFr) | 5.7870 | +0.011 | 955 - 985 | 5.8100 | 5.7390 | 5.8095 | -2.6 | 5.832 | -2.4 | 5.874 | -1.3 | 104.1 |
| Germany | (D) | 1.6985 | +0.0033 | 980 - 990 | 1.7002 | 1.6765 | 1.7014 | -2.1 | 1.7061 | -1.8 | 1.7099 | -0.7 | 104.2 |
| Greece | (Dr) | 249.650 | +0.4 | 400 - 900 | 249.900 | 248.000 | 252.95 | -15.9 | 260.4 | -17.2 | 287.9 | -15.3 | 69.8 |
| Ireland | (I£) | 1.4099 | -0.0236 | 086 - 111 | 1.4170 | 1.4086 | 1.4068 | 2.6 | 1.4014 | 2.4 | 1.3865 | 1.7 | - |
| Italy | (L) | 1633.00 | +3.8 | 200 - 400 | 1634.60 | 1625.16 | 1639.45 | -4.7 | 1651.9 | -4.6 | 1691.75 | -3.6 | 78.5 |
| Luxembourg | (LFr) | 34.9970 | +0.101 | 780 - 160 | 35.0200 | 34.9030 | 35.077 | -2.7 | 35.192 | -2.2 | 35.457 | -1.3 | 104.0 |
| Netherlands | (Fl) | 1.9080 | +0.0045 | 070 - 090 | 1.9090 | 1.8830 | 1.9107 | -1.7 | 1.9147 | -1.4 | 1.919 | -0.6 | 103.5 |
| Norway | (NKr) | 7.3859 | +0.1089 | 849 - 869 | 7.3897 | 7.2630 | 7.3988 | -2.1 | 7.4219 | -1.9 | 7.4609 | -1.0 | 94.5 |
| Portugal | (Es) | 174.300 | +0.4 | 800 - 800 | 174.800 | 173.800 | 175.215 | -6.3 | 176.83 | -5.8 | 181.975 | -4.4 | 93.0 |
| Spain | (Pta) | 138.125 | +0.225 | 000 - 250 | 137.700 | 137.700 | 138.655 | -4.6 | 139.635 | -4.4 | 142.725 | -3.3 | 80.7 |
| Sweden | (SKr) | 7.9286 | -0.0066 | 236 - 336 | 7.9493 | 7.8462 | 7.9536 | -3.8 | 7.9963 | -3.4 | 8.1196 | -2.4 | 81.5 |
| Switzerland | (SFr) | 1.4260 | - | 255 - 265 | 1.4280 | 1.4210 | 1.4268 | -0.7 | 1.4272 | -0.3 | 1.4185 | 0.5 | 104.8 |
| UK | (£) | 1.4655 | -0.009 | 650 - 660 | 1.4750 | 1.4650 | 1.4636 | 1.6 | 1.4602 | 1.5 | 1.4516 | 0.9 | 88.1 |
| Ecu | - | 1.1368 | -0.0022 | 360 - 375 | 1.1401 | 1.1360 | 1.1341 | 2.8 | 1.1297 | 2.5 | 1.1207 | 1.4 | - |
| SDR† | - | 1.40304 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.0000 | - | 999 - 000 | 1.0000 | 0.9999 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 930.916 | +17.578 | 915 - 920 | 930.920 | 930.895 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.3953 | +0.008 | 950 - 955 | 1.3955 | 1.3880 | 1.3965 | -1.0 | 1.3996 | -1.2 | 1.4103 | -1.1 | 83.1 |
| Mexico | (New Peso) | 3.3550 | -0.0028 | 500 - 600 | 3.3600 | 3.3550 | 3.356 | -0.4 | 3.3578 | -0.3 | 3.3652 | -0.3 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 101.1 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.4171 | -0.0018 | 166 - 176 | 1.4184 | 1.4118 | 1.4183 | -1.1 | 1.423 | -1.7 | 1.4336 | -1.2 | 86.5 |
| Hong Kong | (HK$) | 7.7272 | +0.0004 | 267 - 277 | 7.7289 | 7.7270 | 7.7302 | -0.5 | 7.7362 | -0.5 | 7.7609 | -0.4 | - |
| India | (Rs) | 31.3688 | +0.0038 | 650 - 725 | 31.3725 | 31.3700 | 31.4338 | -2.5 | 31.5688 | -2.6 | - | - | - |
| Japan | (Y) | 103.235 | -0.215 | 180 - 290 | 104.250 | 103.180 | 103.125 | 1.3 | 102.82 | 1.6 | 100.925 | 2.2 | - |
| Malaysia | (M$) | 2.6775 | +0.004 | 750 - 800 | 2.6800 | 2.6650 | 2.6705 | 3.1 | 2.655 | 3.4 | 2.7175 | -1.5 | - |
| New Zealand | (NZ$) | 1.7746 | +0.0011 | 730 - 762 | 1.7730 | 1.7699 | 1.7758 | -0.8 | 1.7803 | -1.3 | 1.8022 | -1.6 | - |
| Philippines | (Peso) | 27.5750 | - | 000 - 500 | 27.7500 | 27.4000 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7502 | -0.0001 | 500 - 504 | 3.7505 | 3.7500 | 3.7509 | -0.2 | 3.7532 | -0.3 | 3.7647 | -0.4 | - |
| Singapore | (S$) | 1.5700 | -0.0005 | 695 - 705 | 1.5725 | 1.5701 | 1.5694 | 0.5 | 1.5689 | 0.3 | 1.5675 | 0.2 | - |
| S Africa (Com.) | (R) | 3.4808 | - | 800 - 815 | 3.4870 | 3.4685 | 3.4973 | -5.7 | 3.5233 | -4.9 | 3.6163 | -3.9 | - |
| S Africa (Fin.) | (R) | 4.9250 | +0.01 | 200 - 300 | 4.9300 | 4.9100 | 4.959 | -8.3 | 5.019 | -7.6 | - | - | - |
| South Korea | (Won) | 809.650 | +1.3 | 600 - 700 | 810.100 | 809.100 | 812.65 | -4.4 | 816.15 | -3.2 | 834.65 | -3.1 | - |
| Taiwan | (T$) | 26.3850 | +0.025 | 800 - 900 | 26.3900 | 26.3400 | 26.4505 | -3.0 | 26.551 | -2.5 | - | - | - |
| Thailand | (Bt) | 25.2750 | +0.04 | 700 - 800 | 25.2940 | 25.2700 | 25.355 | -3.8 | 25.48 | -3.2 | 26 | -2.9 | - |

†SDR rate for Apr 1. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 1. Base average 1990=100

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Apr 4 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 19.07 | 16.56 | 4.853 | 2.026 | 4666 | 5.451 | 21.10 | 498.0 | 394.6 | 22.66 | 4.073 | 1.950 | 3.987 | 2.858 | 295.0 | 2.505 |
| Denmark | (DKr) | 52.43 | 10 | 8.684 | 2.544 | 1.062 | 2446 | 2.858 | 11.06 | 261.1 | 206.9 | 11.88 | 2.135 | 1.022 | 2.090 | 1.499 | 154.7 | 1.314 |
| France | (FFr) | 60.37 | 11.51 | 10 | 2.930 | 1.223 | 2817 | 3.291 | 12.74 | 300.6 | 238.2 | 13.68 | 2.459 | 1.177 | 2.407 | 1.726 | 178.1 | 1.512 |
| Germany | (DM) | 20.61 | 3.930 | 3.413 | 1 | 0.417 | 961.4 | 1.123 | 4.347 | 102.6 | 81.32 | 4.669 | 0.839 | 0.402 | 0.822 | 0.589 | 60.79 | 0.516 |
| Ireland | (I£) | 49.36 | 9.416 | 8.177 | 2.396 | 1 | 2303 | 2.691 | 10.41 | 245.8 | 194.8 | 11.18 | 2.011 | 0.962 | 1.968 | 1.411 | 145.6 | 1.237 |
| Italy | (L) | 2.143 | 0.409 | 0.355 | 0.104 | 0.043 | 100. | 0.117 | 0.452 | 10.67 | 8.456 | 0.486 | 0.087 | 0.042 | 0.085 | 0.061 | 6.323 | 0.054 |
| Netherlands | (Fl) | 18.34 | 3.499 | 3.039 | 0.890 | 0.372 | 855.9 | 1 | 3.870 | 91.34 | 72.39 | 4.156 | 0.747 | 0.358 | 0.731 | 0.524 | 54.11 | 0.460 |
| Norway | (NKr) | 47.40 | 9.042 | 7.852 | 2.300 | 0.960 | 2212 | 2.584 | 10 | 236.0 | 187.1 | 10.74 | 1.931 | 0.924 | 1.890 | 1.355 | 139.8 | 1.188 |
| Portugal | (Es) | 20.08 | 3.830 | 3.327 | 0.975 | 0.407 | 937.0 | 1.095 | 4.236 | 100. | 79.25 | 4.550 | 0.818 | 0.392 | 0.801 | 0.574 | 59.24 | 0.503 |
| Spain | (Pta) | 25.34 | 4.833 | 4.198 | 1.230 | 0.513 | 1182 | 1.381 | 5.346 | 126.2 | 100. | 5.741 | 1.032 | 0.494 | 1.010 | 0.724 | 74.75 | 0.635 |
| Sweden | (SKr) | 44.14 | 8.419 | 7.312 | 2.142 | 0.894 | 2059 | 2.406 | 9.312 | 219.8 | 174.2 | 10 | 1.798 | 0.861 | 1.760 | 1.262 | 130.2 | 1.106 |
| Switzerland | (SFr) | 24.55 | 4.683 | 4.067 | 1.191 | 0.497 | 1146 | 1.338 | 5.180 | 122.3 | 96.89 | 5.562 | 1 | 0.479 | 0.979 | 0.702 | 72.43 | 0.615 |
| UK | (£) | 51.29 | 9.783 | 8.496 | 2.489 | 1.039 | 2393 | 2.796 | 10.82 | 255.4 | 202.4 | 11.62 | 2.089 | 1 | 2.045 | 1.466 | 151.3 | 1.285 |
| Canada | (C$) | 25.08 | 4.784 | 4.155 | 1.217 | 0.508 | 1170 | 1.367 | 5.291 | 124.9 | 98.97 | 5.682 | 1.022 | 0.489 | 1 | 0.717 | 73.99 | 0.628 |
| US | ($) | 34.99 | 6.673 | 5.795 | 1.698 | 0.709 | 1632 | 1.907 | 7.381 | 174.2 | 138.1 | 7.926 | 1.425 | 0.682 | 1.395 | 1 | 103.2 | 0.877 |
| Japan | (Y) | 339.0 | 64.66 | 56.15 | 16.45 | 6.867 | 15816 | 18.48 | 71.51 | 1688 | 1338 | 76.80 | 13.81 | 6.609 | 13.52 | 9.689 | 1000. | 8.493 |
| Ecu | | 39.91 | 7.613 | 6.612 | 1.937 | 0.809 | 1862 | 2.176 | 8.420 | 198.8 | 157.5 | 9.043 | 1.626 | 0.778 | 1.591 | 1.141 | 117.7 | 1 |

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10: Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est.vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.5875 | 0.5877 | - | 0.5891 | 0.5850 | 37,857 | 99,552 |
| Sep | 0.5867 | 0.5853 | -0.0022 | 0.5874 | 0.5837 | 66 | 2,581 |
| Dec | 0.5855 | 0.5850 | -0.0005 | 0.5855 | 0.5850 | 6 | 115 |

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est.vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.7013 | 0.7014 | +0.0003 | 0.7036 | 0.6985 | 17,900 | 38,118 |
| Sep | 0.7020 | 0.7019 | -0.0016 | 0.7043 | 0.6995 | 27 | 292 |
| Dec | - | 0.7035 | - | 0.7050 | 0.7020 | 1 | 46 |

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

| | Open | Latest | Change | High | Low | Est.vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.9650 | 0.9718 | +0.0043 | 0.9726 | 0.9622 | 14,614 | 52,447 |
| Sep | 0.9715 | 0.9773 | +0.0040 | 0.9785 | 0.9712 | 162 | 2,175 |
| Dec | 0.9826 | 0.9832 | +0.0035 | 0.9835 | 0.9826 | 13 | 439 |

■ STERLING FUTURES (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est.vol | Open Int. |
|---|---|---|---|---|---|---|---|
| Jun | 1.4670 | 1.4644 | -0.0058 | 1.4722 | 1.4600 | 13,222 | 30,014 |
| Sep | 1.4630 | 1.4600 | -0.0068 | 1.4670 | 1.4570 | 83 | 737 |
| Dec | | 1.4570 | | 1.4650 | 1.4570 | 2 | 35 |

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

| Strike Price | CALLS Apr | CALLS May | CALLS Jun | PUTS Apr | PUTS May | PUTS Jun |
|---|---|---|---|---|---|---|
| 1.400 | 6.51 | 6.49 | 6.62 | - | 0.12 | 0.45 |
| 1.425 | 4.05 | 4.32 | 4.64 | - | 0.44 | 0.97 |
| 1.450 | 1.90 | 2.51 | 3.00 | 0.29 | 1.12 | 1.81 |
| 1.475 | 0.50 | 1.28 | 1.82 | 1.39 | 2.33 | 3.02 |
| 1.500 | 0.10 | 0.55 | 1.00 | 3.38 | 4.04 | 4.67 |
| 1.525 | - | 0.18 | 0.49 | 5.79 | 6.16 | 6.64 |

Previous day's vol., Calls N/A Puts N/A . Prev. day's open int., Calls N/A Puts N/A

## UK INTEREST RATES

### LONDON MONEY RATES

| Mar 31 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | 4¾ - 2 | 4⅞ - 4⅛ | 5¼ - 5 | 5 7/16 - 5 3/16 | 5 9/16 - 5⅜ | 5 13/16 - 5⅝ |
| Sterling CDs | - | - | 5⅛ - 5 1/16 | 5¼ - 5 3/16 | 5⅜ - 5 5/16 | 5⅝ - 5½ |
| Treasury Bills | - | - | 4 31/32 - 4⅞ | 4 15/16 - 4⅞ | - | - |
| Bank Bills | - | - | 4 31/32 - 4⅞ | 5 1/32 - 4 31/32 | 5⅛ - 5 1/16 | - |
| Local authority deps. | 4 7/16 - 4 1/16 | 4 9/16 - 4 7/16 | 5⅛ - 5 | 5 5/16 - 5 3/16 | 5 7/16 - 5 5/16 | 5 7/16 - 5 5/16 |
| Discount Market Deps | 4½ - 3½ | 4 5/16 - 4 3/16 | - | - | - | - |

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

| | Up to 1 month | 1-3 month | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| Certs of Tax dep. (£100,000) | 1½ | 4 | 3¾ | 3¾ | 3½ |

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.9290pc. ECGD fixed rate Stlg. Export Finance. Make up day March 31, 1994. Agreed rate for period Apr 26, 1994 to May 24, 1994, Schemes II & III 6.47pc. Reference rate for period Mar 1, 1994 to Mar 31, 1994, Schemes IV & V 5.214pc. Finance House Base Rate 5½pc from Mar 1, 1994

### BANK OF ENGLAND TREASURY BILL TENDER

| | Mar 31 | Mar 25 | | Mar 31 | Mar 25 |
|---|---|---|---|---|---|
| Bills on offer | £200m | £200m | Top accepted rate | 4.9335% | 4.8335% |
| Total of applications | £668m | £711m | Ave. rate of discount | 4.9290% | 4.9306% |
| Total allocated | £200m | £200m | Average yield | 4.9903% | 4.9922% |
| Min. accepted bid | 98.770 | 98.770 | Offer at next tender | £200m | £200m |
| Allotment at min. level | 74% | 62% | Min. accept. bid 182 days | - | - |

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on page 24 in today's edition.

■ Pound in New York

| Apr 4 | Latest | Prev. close |
|---|---|---|
| £ spot | 1.4665 | 1.4740 |
| 1 mth | 1.4645 | 1.4721 |
| 3 mth | 1.4615 | 1.4691 |
| 1 yr | 1.4540 | 1.4623 |

## FIXED INTEREST RATES

### MONEY RATES

| March 31 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | - | 6¼ | 6⅜ | 6⅜ | 6⅜ | 7.40 | 5.00 | - |
| week ago | - | 6¼ | 6⅜ | 6⅛ | 6⅛ | 7.40 | 5.00 | - |
| France | 6⅛ | 6¼ | 6⅜ | 6¼ | 6 | 5.90 | - | 7.75 |
| week ago | 6¼ | 6⅜ | 6¼ | 6⅛ | 5⅞ | 6.00 | - | 7.75 |
| Germany | 5.50 | 5.80 | 5.70 | 5.60 | 5.43 | 6.75 | 5.25 | 5.76 |
| week ago | 5.75 | 5.80 | 5.75 | 5.63 | 5.43 | 6.75 | 5.25 | 5.80 |
| Ireland | 6¼ | 6¼ | 6¼ | 6⅝ | 6½ | - | - | 6.75 |
| week ago | 6¾ | 6¼ | 6⅛ | 6⅝ | 6⅛ | - | - | 6.75 |
| Italy | 8⅜ | 8¼ | 8¼ | 8¼ | 8¼ | - | 8.00 | 8.40 |
| week ago | 8⅝ | 8¼ | 8⅜ | 8⅜ | 8⅜ | - | 8.00 | 8.92 |
| Netherlands | 5.53 | 5.46 | 5.33 | 5.31 | 5.31 | - | 5.25 | - |
| week ago | 5.53 | 5.48 | 5.39 | 5.34 | 5.34 | - | 5.25 | - |
| Switzerland | 4⅛ | 4⅜ | 4⅜ | 4⅛ | 4⅛ | 6.625 | 4.00 | - |
| week ago | 4⅛ | 4⅜ | 4⅛ | 4⅛ | 4 | 6.625 | 4.00 | - |
| US | 3½ | 3⅝ | 3⅞ | 4⅛ | 4⅜ | - | 3.00 | - |
| week ago | 3½ | 3⅝ | 3⅞ | 4⅛ | 4⅜ | - | 3.00 | - |
| Japan | 2⅛ | 2¼ | 2¼ | 2¼ | 2⅜ | - | 1.75 | - |
| week ago | 2⅛ | 2¼ | 2⅜ | 2⅜ | 2⅜ | - | 1.75 | - |
| ■ $ LIBOR FT London | | | | | | | | |
| Interbank Fixing | - | 3⅝ | 3⅞ | 4¼ | 4¾ | - | - | - |
| week ago | - | 3⅝ | 3⅞ | 4⅛ | 4⅝ | - | - | - |
| US Dollar CDs | - | 3.38 | 3.65 | 4.00 | 4.49 | - | - | - |
| week ago | - | 3.38 | 3.67 | 3.97 | 4.40 | - | - | - |
| SDR Linked Ds | - | 3⅜ | 3⅜ | 3⅜ | 4 | - | - | - |
| week ago | - | 3⅜ | 3⅜ | 3⅜ | 4 | - | - | - |

ECU Linked Ds mid rates: 1 mth: 6⅜; 3 mths: 6⅜; 6 mths: 6⅜; 1 year: 6¼. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

All Open interest figs. are for previous day

# MONEY MARKET FUNDS

## Money Market Trust Funds

## Money Market Bank Accounts

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

# STOCK EXCHANGES

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

## STOCK INDICES

## FT GOLD MINES INDEX

## BASE LENDING RATES

## BANK RETURN

## LONDON RECENT ISSUES: EQUITIES

## MONTHLY AVERAGES OF STOCK INDICES

| | March | February | January | December |
|---|---|---|---|---|
| ■ FT-SE Actuaries Indices | | | | |
| 100 Index | 3206.1 | 3396.4 | 3431.3 | 3313.7 |
| Mid 250 | 3863.0 | 4043.2 | 3982.7 | 3662.1 |
| 350 Share | 1627.8 | 1719.5 | 1727.1 | 1649.5 |
| Non-Financials | 1745.46 | 1818.96 | 1818.87 | 1733.10 |
| Financial Group | 2324.02 | 2608.29 | 2619.71 | 1300.30 |
| All-Share | 1619.80 | 1709.09 | 1710.30 | 1628.88 |
| FT-SE Eurotrack 100 | 1437.45 | 1495.18 | 1484.54 | 1423.55 |
| FT-SE Eurotrack 200 | 1480.53 | 1553.11 | 1559.83 | 1496.00 |
| FT-A World Index | 173.00 | 174.95 | 169.25 | 167.55 |
| ■ FT Indices | | | | |
| Government Securities | 99.29 | 103.92 | 106.50 | 106.56 |
| Fixed Interest | 120.30 | 128.14 | 132.32 | 130.14 |
| Ordinary | 2523.4 | 2614.4 | 2620.1 | 2492.5 |
| Gold Mines | 2036.30 | 2054.76 | 2270.36 | 2133.78 |
| SEAQ Bargains | 35,919 | 37,205 | 40,838 | 33,915 |

| | Highest Mar close | Lowest Mar close |
|---|---|---|
| FT-SE 100 | 3305.9 (7th) | 3086.4 (31st) |
| FT-SE Mid 250 | 3937.7 (7th) | 3752.8 (31st) |
| FT-SE A 350 | 1674.0 (7th) | 1570.4 (31st) |
| FT-SE-A All-Share | 1664.55 (7th) | 1561.97 (31st) |
| Ordinary | 2584.4 (7th) | 2439.2 (31st) |

## US INTEREST RATES

Lunchtime

Treasury Bills and Bond Yields

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

## BANKS

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| ABN Amro Fl | | £23¾ | -1.1 | Q81% | ♦ | Sep May | 1.9 | 1557 |
| ANZ A$ | | 224½ | -9.4 | Q20c | 0.7 | Jan Jul | 9.12 | – |
| Abbey National | qN□ | 405½xd | -1.6 | 14.8 | 2.1 | May Oct | 14.3 | 5411 |
| Allied Irish £ | ♣□ | 242xd | -3.2 | Q52% | ♦ | Oct May | 28.2 | 1364 |
| Anglo Irish I£ | ♣N□ | 87 | -3.4 | Q17.9% | 1.7 | Jan Jul | 23.11 | 1365 |
| Asahi Y | | 696¼ | 0.7 | Q16% | 1.3 | Jan Dec | 12'92 | 3046 |
| Banco Bil Viz Pta | | £15½ | 1.8 | Q27.2% | 2.7 | JyOcJaAp | 13.7 | – |
| Banco Sant Pta | | £31⅛ | — | Q38.1% | 2.0 | ApJyOcJa | 30.10 | – |
| Bank Leumi (UK) | | 430xd | — | 20.0 | ♦ | Apr Sep | 28.2 | 1749 |
| Bk Ireland I£ | ♣xz□ | 258 | -1.2 | Q13¾% | 1.5 | Jul Dec | 15.11 | 1360 |
| Bank Scotland | ♣†□ | 190 | 2.2 | 4.67 | 1.8 | Dec Jul | 18.10 | 1742 |
| 9¼pc Pf | | 128¼ | -4 | 9¼% | – | May Nov | 18.10 | – |
| 9¾pc Pf | | 135 | -.4 | 9¾% | – | May Nov | 18.10 | – |
| Barclays | qN□ | 524xd | -.2 | 15.15 | 1.3 | Oct May | 14.3 | 1784 |
| Dai Ichi Kan Y | | £11½ | -1.7 | Q16% | 3.2 | Jan Dec | 27.9 | 3221 |
| Deutsche DM | | £319¾ | 0.8 | Q36% | – | May | 24.5 | 2346 |
| Espirito Santo | | £20⅜ | -3.7 | Q120c | 5.2 | Jun | 4.6 | 5187 |
| First Nat Fin | N□ | 74 | -6.3 | 1.5 | – | Mar | 17.1 | 2571 |
| 6.3pc Cv Pf | | 85 | -1.2 | 6.3% | – | Jul Jan | 4.1 | 2570 |
| 7pc Cv Pf | | 182 | -1.6 | 7.0 | – | Jul Jan | 4.1 | – |
| Fuji Bank Y | | 1498¼ | -2.5 | Q17% | 2.3 | Dec Jun | 4.7 | – |
| HSBC HK | □ | 754xd | -3.5 | 23.5 | ♦ | Nov Jun | 14.3 | 2796 |
| HSBC (75p Shs) | □ | 738xd | -3.3 | 23.5 | ♦ | Nov Jun | 14.3 | 2776 |
| Lloyds | N□ | 559xd | 2.4 | 22.1 | 2.1 | Oct May | 14.2 | 3171 |
| Mitsubishi Y | | £17⅞ | -.5 | Q17% | 2.3 | Jun Dec | 12'92 | 5288 |
| Mits Tst & Bk Y | | 953¼ | -.8 | Q16% | 12.4 | Jun Dec | 12'92 | 4775 |
| Mitsui Tst & Bk Y | | 701½ | -2.8 | Q17% | 5.5 | Jun Dec | 12'92 | 6386 |
| Nat Aust A$ | | 537¼ | -4.6 | Q58c | 1.7 | Jul Jan | 9.6 | – |
| NatWest | qN□ | 458½xd | 0.8 | 18.5 | 1.8 | Oct May | 28.2 | 3463 |
| Ottomane FFr | | £30½ | — | Q125% | 2.8 | May | 12.5 | – |
| Ryl Bk Scotland | ♣N□ | 408 | 1.2 | 11.0 | 1.9 | Feb Jul | 13.12 | 3874 |
| Sakura Y | | £9⅞ | -2.9 | Q17% | 3.0 | Dec Jun | 12'92 | 3831 |
| Sanwa Y | | £14⅞ | -.6 | Q17% | 2.7 | Jun Dec | 12'92 | 5108 |
| Standard Chartd | qN□ | 1041xd | -1.2 | 24.0 | 3.5 | Jun Oct | 14.3 | 4894 |
| 7 3/8pc Prf | | 95½xd | 1.1 | 7.37 | – | Apr | 14.2 | 1719 |
| Sumitomo Y | | £13⅞ | -3.0 | Q17% | 8.7 | Jun Dec | 12'92 | 3079 |
| Sumitomo Tst Y | | 983¼ | 1.7 | Q17% | 2.3 | Jun Dec | 12'92 | 4918 |
| TSB | N□ | 216½xd | 1.7 | 7.88 | 1.8 | Apr Oct | 14.2 | 4920 |
| [illegible] | | [illegible] | 0.4 | Q16% | 2.8 | Jun Dec | 12'92 | 6358 |

## BREWERIES

## BUILDING & CONSTRUCTION

## BUILDING MATS. & MERCHANTS

## BUILDING MATS. & MERCHANTS - Cont.

## CHEMICALS

## DISTRIBUTORS

## DIVERSIFIED INDUSTRIALS

## ELECTRICITY

## ELECTRONIC & ELECTRICAL EQPT

## ELECTRONIC & ELECTRICAL EQPT - Cont.

## ENGINEERING

## ENGINEERING, VEHICLES

## ENGINEERING, VEHICLES - Cont.

## EXTRACTIVE INDUSTRIES

## FOOD MANUFACTURERS

## GAS DISTRIBUTION

## HEALTH CARE

## HEALTH CARE - Cont.

## HOUSEHOLD GOODS

## INSURANCE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

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# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

## INVESTMENT COMPANIES

## LEISURE & HOTELS

## LEISURE & HOTELS - Cont.

## LIFE ASSURANCE

## MEDIA

## MERCHANT BANKS

## OIL EXPLORATION & PRODUCTION

## OIL, INTEGRATED

## OTHER FINANCIAL

## OTHER SERVICES & BUSINESSES

## PHARMACEUTICALS

## PRINTING, PAPER & PACKAGING

## PROPERTY

## RETAILERS, FOOD

## RETAILERS, GENERAL

## SPIRITS, WINES & CIDERS

## SUPPORT SERVICES

## TELECOMMUNICATIONS

## TEXTILES & APPAREL

## TOBACCO

## TRANSPORT

## TRANSPORT - Cont.

## WATER

## AMERICANS

## CANADIANS

## SOUTH AFRICANS

| | Notes | Price | Wk% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind | | £22¼ | -1.1 | Q375c | ♠ | Oct Apr | 3'93 | - |
| Barlow | | £3½ | -11.3 | Q173c | 1.7 | Jan Jul | 13.12 | - |
| Gold Fields SA R | | £13⅝ | -6.0 | Q200c | 1.5 | Mar Sep | 31.1 | 2717 |
| NK Props | s | 90 | — | 044.7c | 0.3 | Feb Oct | 19.10 | - |
| SASOL | ♥ | 319 | — | 078c | - | Oct | 23.9 | 3919 |
| SA Brews | | £11¼ | -5.7 | Q138c | 2.2 | Dec Jun | 13.12 | 4113 |
| Tiger Oats | | 663 | -11.8 | 082c | 2.9 | Jan Feb | 29.11 | - |
| Tongaat-Hulett | † | 581 | -4.3 | 075c | 2.4 | Feb Aug | 4.1 | - |

## GUIDE TO LONDON SHARE SERVICE

*Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.*

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

*Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.*

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ *Interim since reduced, passed or deferred*
- ♠ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ *Free annual/interim report available, see details below.*
- ☆ USM; not listed on Stock Exchange and company not subjected to *same degree of regulation as listed securities.*
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ∦ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ *Merger bid or reorganisation in progress*
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b *Figures based on prospectus or other official estimates.* c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings" P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

## FT Share Service

The following changes have been made to the FT Share Information Service: *Additions: Graham (Bldg Matl), Red-stone* (Elctm & Elct), Edin New Tiger Ord & Wrts, Fidelity Japanese Values Ord & Wrts, Mercury Euro Prvt, Saracen Values Ord & Wrts (Inv Trusts), Guang-dong *Dvlpt Ord & Wrts (Inv Co's), and Cedardata* (Support Servs).

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## FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 39p per minute cheap rate and 49p per minute at all other times.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

4 pm close April 4

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1994 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17⅞ | 14⅛ | AAR | 0.48 | 3.1 | 516 | 164 | 15⅝ | 15¼ | 15½ | |
| 16⅞ | 14 | A L Labs A x | 0.18 | 1.1 | 36 | 114 | 15⅞ | 15⅝ | 15¾ | -⅛ |
| 65½ | 59½ | AMP | 1.88 | 2.9 | 20 | 3505 | 60 | d58¾ | 58⅞ | -1⅜ |
| 72¾ | 55½ | AMR | | | 27 | 3954 | 57¼ | 55⅝ | 56½ | -½ |
| 5 | 3⅝ | ARX | | | 15 | 77 | 4⅜ | 4¼ | 4⅜ | |
| 58⅛ | 42⅛ | ASA | 2.00 | 4.7 | 28 | 723 | 43⅝ | 42¾ | 42¾ | -⅝ |
| 30⅝ | 25⅝ | Abbott | 0.76 | 2.9 | 15 | 16298 | 26¼ | d25⅜ | 26⅛ | -½ |
| 13¾ | 11⅞ | Abitibi Pr | 0.50 | 4.2 | 7 | 65 | 12 | 11⅞ | 11⅞ | -⅛ |
| 13¾ | 11⅛ | Acpt'ncein | | | 21 | 67 | 11⅝ | 11⅜ | 11⅝ | -⅛ |
| 31 | 24½ | ACE Ltd x | 0.40 | 1.6 | 4 | 1000 | 25¾ | 25¼ | 25⅜ | -⅜ |
| 12½ | 10⅜ | ACM Gvt In x | 1.09 | 10.6 | | 787 | 10⅜ | d10⅛ | 10⅜ | -⅛ |
| 10⅛ | 8⅛ | ACM GvOpp x | 0.80 | 10.1 | | 69 | 8⅛ | d7⅞ | 7⅞ | -¼ |
| 10⅝ | 8½ | ACM Gvt Sp x | 0.96 | 11.3 | | 337 | 8¾ | d8⅜ | 8½ | -¼ |
| 12 | 10 | ACM Gvt Se x | 1.09 | 11.2 | | 867 | 10⅛ | d9¾ | 9¾ | -⅜ |
| 11¾ | 9⅜ | ACM Man x | 1.08 | 12.2 | | 273 | 9¼ | d8¾ | 8⅞ | -½ |
| 9¼ | 8⅛ | ACM Managd x | 0.72 | 8.7 | | 248 | 8¼ | d8 | 8¼ | +⅛ |
| 10⅝ | 8¾ | AcmeClv | 0.44 | 4.7 | 11 | 579 | 9⅝ | 9¼ | 9⅝ | |
| 8½ | 7¼ | Acme Elect | | | 30 | 92 | 7⅝ | d7⅛ | 7⅛ | -⅜ |
| 28¼ | 23 | Acordia | 0.60 | 2.2 | 13 | 58 | 27¼ | 27 | 27¼ | -¼ |
| 9¾ | 5⅞ | Actava | 0.36 | 5.8 | 2 | 228 | 6¼ | d5¾ | 6¼ | +¼ |
| 13⅞ | 11¼ | Acuson | | | 93 | 171 | 12½ | 12 | 12⅛ | -⅜ |
| 18⅜ | 16½ | Adams Expr | 0.38 | 2.2 | 0 | 167 | 16¾ | d16½ | 16⅝ | -¼ |
| 64 | 48½ | Ad Micro | 3.00 | 4.8 | | 1340 | 63 | 59½ | 62 | -¼ |
| 31¾ | 16¾ | AdvMic | 3.00 | 9.7 | 13 | 22839 | 31⅝ | 29⅞ | 31 | +⅛ |
| 6⅞ | 6 | Advest Grp | 0.16 | 2.7 | 9 | 253 | 6¼ | d5⅝ | 5⅞ | -⅜ |
| 20 | 16¾ | Advo Inc x | 0.70 | 0.8 | 119 | 45 | 18⅛ | 17¾ | 17⅞ | -½ |
| 57¼ | 49⅜ | Aegon ADR | 1.23 | 2.5 | 10 | 19 | 49⅝ | d49⅜ | 49⅜ | -½ |
| 65¾ | 51½ | Aetna L | 2.78 | 5.5 | 9 | 11634 | 52⅞ | d50 | 50 | -3⅛ |
| 31⅞ | 25¼ | Aflac | 0.40 | 1.3 | 12 | 2714 | 30⅜ | 29⅞ | 29⅞ | -⅞ |
| 20⅛ | 16⅜ | Ahmson | 0.88 | 5.3 | 11 | 2475 | 17¼ | 16⅝ | 16¾ | -⅛ |
| 4 | 1⅞ | Aileen Inc | | | 1 | 77 | 2¾ | 2⅝ | 2⅝ | |

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LA WOLUWE

When you stay with us in **BRUSSELS** stay in touch - with your complimentary copy of the

FINANCIAL TIMES

Continued on next page

4 pm close April 4

# NYSE COMPOSITE PRICES

Continued from previous page

| 1994 High | 1994 Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chng Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 18½ | 13⅝ | SftyKl | 0.36 | 2.6 | 7 | 597 | 14 | d13⅝ | 13⅞ | -⅛ |
| 27 | 19¼ | Safeway | | | 23 | 1442 | 23¾ | 23 | 23¾ | -⅛ |
| 6⅝ | 4⅞ | SafewayNBB | | | | 115 | 5½ | 5⅜ | 5½ | |
| 57⅞ | 50¼ | StJoePaper | 0.20 | 0.4 | 277 | 128 | 53⅞ | 52½ | 52¾ | -1⅛ |
| 30¼ | 28 | StJoeL&P | 1.80 | 6.1 | 14 | 27 | 29¾ | 29½ | 29½ | |
| 90 | 78⅛ | StPaul x | 3.00 | 3.8 | 7 | 1533 | 78 | d78⅛ | 78 | +¼ |
| 9⅜ | 6⅜ | Salant Crp | | | 9 | 32 | 7¾ | 7⅝ | 7⅝ | -⅛ |
| 49⅞ | 42⅞ | Sallie Mae | 1.40 | 3.3 | 8 | 5748 | 43⅛ | d42⅜ | 42⅜ | -¾ |
| 19⅞ | 12⅛ | Salomon Br | 0.34 | 2.8 | | 740 | 12⅜ | d11⅞ | 12 | -¼ |
| 52¾ | 44¾ | Salomn | 0.64 | 1.3 | 6 | 3458 | 48⅛ | 47¼ | 47⅝ | -¾ |
| 26 | 21½ | SnDgGE | 1.52 | 6.9 | 11 | 549 | 22¼ | 21⅝ | 21⅞ | -¼ |
| 10 | 8⅜ | SantaFeERs | 0.16 | 2.1 | 8 | 6938 | 8⅛ | d7½ | 7⅝ | -⅞ |
| 40 | 34⅝ | SantaFePac | 2.80 | 7.9 | 16 | 88 | 37¼ | 35¼ | 35⅜ | -⅜ |
| 26¼ | 21⅞ | SanFeP | 0.10 | 0.4 | 12 | 4612 | 23⅛ | 22⅛ | 23⅛ | +⅜ |
| 26 | 21 | SaraLee | 0.64 | 3.0 | 14 | 71224 | 21⅞ | d20⅞ | 21⅝ | -⅛ |
| 50⅛ | 44⅞ | Scana Corp | 2.82 | 6.3 | 12 | 308 | 45¼ | d44¾ | 44¾ | -⅞ |
| 20½ | 16⅛ | Scecrp x | 1.42 | 8.7 | 11 | 8147 | 16⅜ | d16 | 16¼ | -¼ |
| 40½ | 35½ | SchererRP | | | 27 | 357 | 36½ | d35½ | 36½ | -1⅛ |
| 69⅞ | 54½ | SchrPl | 1.60 | 3.2 | 13 | 7042 | 58⅜ | 59½ | 59¾ | -½ |
| 61½ | 50¾ | Schlmb | 1.20 | 2.3 | 22 | 8392 | 53¼ | 51⅞ | 53¼ | +⅜ |
| 33 | 26 | Schwab(C) | 0.28 | 1.1 | 12 | 5374 | 26⅛ | d25¼ | 25⅞ | -1 |
| 10⅜ | 6⅛ | Schwitzer | | | 28 | 250 | 10⅝ | 10 | 10⅛ | -½ |
| 36⅞ | 25¼ | SciAtl | 0.12 | 0.4 | 64 | 1208 | 27⅞ | 26⅜ | 27⅛ | -⅝ |
| 16⅞ | 14 | Scotsman x | 0.10 | 0.7 | 13 | 139 | 14½ | d13⅞ | 13⅞ | -½ |
| 46¾ | 40¼ | ScptP | 0.80 | 2.0 | 10 | 2057 | 41⅞ | 40⅞ | 41 | -⅞ |
| 20⅝ | 18⅝ | ScuddrNAsF | 0.21 | 1.1 | | 357 | 19½ | 18⅞ | 19⅜ | |
| 12⅝ | 9¾ | ScuddrNEuF | 0.16 | 1.6 | | 226 | 10 | d9⅞ | 9⅞ | -½ |
| [illegible] | | | | | | | | | | |

| 1994 High | 1994 Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chng Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 18¾ | 16⅞ | TNP Enterp | 1.63 | 10.0 | 16 | 113 | 16¾ | d16¼ | [illegible] | [illegible] |
| 77⅞ | 65¾ | TRW | 1.88 | 2.8 | 20 | 675 | 68⅞ | [illegible] | [illegible] | [illegible] |
| 11¼ | 7⅞ | T2 Medcl | 0.10 | 1.1 | 8 | 3782 | 9½ | 8¾ | [illegible] | [illegible] |
| 39⅜ | 22⅝ | Taiwan Fd | | | | 329 | 24⅛ | 23½ | [illegible] | [illegible] |
| 7⅞ | 5⅞ | Talleyind | 0.42 | 7.1 | 7 | 168 | 6¾ | 5⅝ | [illegible] | [illegible] |
| 12¾ | 10 | Talley Pf | 1.00 | 10.0 | | 17 | 10 | d10 | [illegible] | [illegible] |
| 44½ | 38¼ | Tmbrds | 1.68 | 4.5 | 19 | 1711 | 38 | d38⅞ | [illegible] | [illegible] |
| 16⅞ | 10⅞ | Tandem | | | 3 | 3944 | 14⅛ | 13½ | [illegible] | [illegible] |
| 49⅞ | 35⅛ | Tandy x | 0.60 | 1.7 | 14 | 1682 | 36⅛ | d35¼ | [illegible] | [illegible] |
| 12¼ | 10¼ | Taurus Mun | 0.70 | 6.7 | | 54 | 10½ | d10¼ | [illegible] | [illegible] |
| 22⅝ | 19⅛ | Teco Energ | 0.98 | 5.0 | 14 | 734 | 19⅛ | d18¾ | [illegible] | [illegible] |
| 32⅝ | 23⅝ | Tktrnx | 0.60 | 2.0 | 19 | 2857 | 30½ | 29⅝ | [illegible] | [illegible] |
| 3¾ | 2¾ | Telecm | | | 18 | 27 | 3¼ | 3¼ | [illegible] | [illegible] |
| 25⅝ | 16⅝ | Teldyn | 0.80 | 4.7 | 12 | 1247 | 17¼ | 16¾ | [illegible] | [illegible] |
| 48⅛ | 35¼ | TeleEspSA | 1.05 | 3.0 | 8 | 9498 | 35⅜ | d34⅝ | [illegible] | [illegible] |
| 76 | 58 | Telmex | 1.53 | 2.7 | 11 | 48639 | 59¼ | d56⅞ | [illegible] | [illegible] |
| 54¾ | 45⅞ | Tmplnl | 1.00 | 2.2 | 37 | 1726 | 45 | d44½ | [illegible] | [illegible] |
| 30⅝ | 19½ | TempltEmMk | 0.17 | 0.8 | | 506 | 22¼ | 21 | [illegible] | [illegible] |
| 8⅝ | 7 | TempltGlob x | 0.60 | 8.6 | | 232 | 7⅛ | d7 | [illegible] | [illegible] |
| 8 | 6⅞ | TempltGlFd | 0.60 | 8.6 | | 1702 | 7 | d6⅞ | [illegible] | [illegible] |
| 58¾ | 51½ | Tnneco | 1.60 | 3.1 | 19 | 5641 | 52¼ | d51⅛ | [illegible] | [illegible] |
| 30 | 25⅝ | Teppco Pts | 2.28 | 8.7 | 10 | 304 | 26½ | 26⅛ | [illegible] | [illegible] |
| 31⅛ | 23⅝ | Teradyne | | | 25 | 1110 | 25¼ | 24⅛ | [illegible] | [illegible] |
| 9⅞ | 6⅛ | Terex | 0.06 | 0.8 | 1 | 85 | 8 | 7⅞ | [illegible] | [illegible] |
| 8¾ | 6¼ | Terra Inds | 0.08 | 1.2 | 20 | 265 | 6¾ | 6⅝ | [illegible] | [illegible] |
| 12⅝ | 5¼ | Tesoro | | | 18 | 598 | 10 | 9⅞ | [illegible] | [illegible] |
| 68⅛ | 61½ | Texaco | 3.20 | 5.1 | 13 | 9072 | 62¼ | d61 | [illegible] | [illegible] |
| 51⅞ | 50 | Texaco C | 3.00 | 5.9 | | 12 | 50½ | 50⅜ | [illegible] | [illegible] |
| 39¾ | 29⅝ | Texas Ind | 0.20 | 0.5 | 48 | 1210 | 38½ | 37½ | [illegible] | [illegible] |
| [illegible] | | | | | | | | | | |

[illegible]

| 1994 High | 1994 Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chng Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |
| 54½ | 51½ | Xerox4.125 | 4.12 | 8.0 | | 18 | 52½ | 51⅝ | 51¾ | -¼ |
| 50⅞ | 40⅞ | Xtra Corp | 0.58 | 1.4 | 17 | 513 | 41¼ | d40 | 40 | -1⅜ |
| 25½ | 22⅜ | Yankee Egy | 1.16 | 5.2 | 12 | 37 | 22⅝ | d22¼ | 22¼ | -⅝ |
| 40 | 33⅞ | York Int | 0.16 | 0.4 | 18 | 470 | 36¼ | 35¾ | 36¼ | |
| 1⅞ | 1 | Zapata | | | 7 | 892 | 1⅛ | d1 | 1⅛ | |
| 13½ | 7 | ZnCrEl | | | 3 | 1683 | 9⅞ | 9½ | 9⅝ | -⅛ |
| 24¼ | 20¼ | Zeston Nat | 1.00 | 4.8 | 7 | 57 | 21⅜ | d20⅝ | 21⅜ | +⅞ |
| 7⅞ | 6⅝ | Zenix Inc | 0.82 | 11.9 | | 369 | 7 | 6⅞ | 6⅞ | -¼ |
| 16⅞ | 12⅝ | Zero | 0.40 | 2.9 | 16 | 87 | 13⅝ | 13⅜ | 13⅝ | +⅛ |
| 29⅝ | 22⅞ | Zura Ind | 0.88 | 3.8 | 73 | 485 | 23¼ | d22¾ | 22⅞ | -⅝ |
| 13⅞ | 12⅝ | Zweig Fund | 1.16 | 9.4 | | 440 | 12½ | d12⅛ | 12⅜ | -⅛ |
| 10⅜ | 9⅛ | Zweig Total | 0.84 | 9.2 | | 1056 | 9¼ | d9⅛ | 9⅛ | -¼ |

*Price data supplied by Telekurs*

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

4 pm close April 4

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# NASDAQ NATIONAL MARKET

4 pm close April 4

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# FT GUIDE TO THE WEEK

## 5 TUESDAY

### Keating visits Indochina

Paul Keating, the Australian prime minister, begins an eight-day visit to Indochina, incorporating stops in Laos, Thailand, and Vietnam. It will be the first time an Australian prime minister has visited post-war Vietnam.

Mr Keating's visit follows strenuous efforts to shore up Australia's position in Vietnam, now that the US trade embargo against the country has been lifted. Australia currently ranks fifth among countries awarded investment licences in Vietnam, but is expected to face formidable competition for contracts in infrastructure and telecommunications from US corporations.

**Nato general in Romania**
General George Joulwan, Nato Supreme Allied Commander, Europe, begins a two-day visit to Romania where he will meet President Ion Iliescu and other senior officials. General Joulwan will discuss ways of improving military co-operation between Romania and Nato within the framework of the Partnership for Peace, which Romania signed in January. Last month President Bill Clinton lifted the US embargo on high technology arms sales to Romania.

**Talbott begins trip:** Strobe Talbott, US deputy secretary of state, begins a nine-day trip to India, Pakistan, Poland, Slovakia, and Nato in Brussels.

**Greece tackles tax evaders**
Greece's socialist government will consider a tax bill, aimed at cracking down on Greece's legion of tax evaders, at a special cabinet meeting. The bill will try to redress the injustice of easily taxed wage earners paying the largest share of Greece's tax burden.

**Premium Bond millionaire**


Ernie, the National Savings computer, picks the first £1m monthly Premium Bond jackpot prize. The UK's Premium Bonds, which have no capital growth but offer holders the chance of winning cash, used to have a £250,000 jackpot.

**Japanese trade surplus**
The Japanese current account surplus in February is expected to widen to $12.2bn, from $6.8bn in January. The strong yen is still boosting the dollar value of Japanese exports, and keeping the surplus high.

However, this short-term effect may be followed by a downturn in exports and a reduced surplus as the yen makes Japanese goods uncompetitive.

## 6 WEDNESDAY

### Budget tax rises bite


The start of the new UK tax year means that Britons finally face many of the additional charges imposed in the two 1993 Budgets. A 1 percentage point rise in employees' National Insurance payments and the reduction in relief on the married couple's tax allowance will have the biggest effect on pay packets.

The imposition of value added tax on fuel and the reduction in mortgage interest tax relief have already begun to take effect.

**Banesto deadline:** This is the last day for banks to register as potential buyers of Banesto, the troubled Spanish bank which is due to be auctioned. Sealed bids will have to be submitted by April 25. The front runners in the auction – Argentaria, Banco Santander and Banco Bilbao Vizcaya – have already registered.

**Danish bond issue:** Denmark will become the latest European sovereign borrower to lengthen the maturity of its bonds from 10 years, by introducing a 30-year government bond with a 6 per cent coupon.

Since the bonds will be sold on a "tap" basis it is not clear how much the Danish government intends to raise through this offering. Traders say the bonds will not remain liquid for long if the government issues less than DKr12bn-DKr15bn worth.

The market is also unsure about the proposed pricing of the bonds. Traders are basing their forecasts on the yield differentials between 10-year and 30-year government bonds in France, the Netherlands and Germany where the spreads range from 50 basis points to nearly 70 basis points. Some traders expect Denmark's 30-year bond to yield just over 60 basis points over the 8 per cent bonds due 2003 which were yielding around 6.90 per cent late last week.

**Nazarbayev in Japan:** Kazakhstan's President Nursultan Nazarbayev, who has attracted western investment to help develop his country's rich oil and gas reserves, goes to Japan for a four-day tour.

Nazarbayev, whose globe-trotting has enhanced his reputation as the leader of one of the more stable regimes in the region, recently called for the former Soviet Union's transformation into a Euro-Asian union.

**FT Survey:** Dorset

## 7 THURSDAY

### Hurd arrives in Brasilia

British foreign secretary Douglas Hurd comes to Brasilia for talks after arriving in Brazil on Tuesday. He is due to stay until Friday, when he will fly on to the Falkland Islands.

As well as cementing growing economic ties, Hurd may sign an extradition treaty. This is, however, unlikely to lead to the extradition of Ronnie Biggs, the escaped train robber, who lives in Rio de Janeiro.

**Balladur in Beijing**

Edouard Balladur, the French prime minister, will travel to Beijing for a four-day visit aimed at setting the seal on improved relations between France and China. The visit follows France's announcement in January that it would no longer sell arms to Taiwan, a long-standing source of friction.

**UK economic figures**
UK manufacturing output and industrial production figures for February are unlikely to be as strong as they were in January, which saw month-on-month rises of 1.1 per cent and 0.8 per cent respectively. The figures are very volatile and some analysts are accordingly expecting manufacturing output to have fallen in February.

However, recent Confederation of British Industry surveys have been positive and the average forecast is for manufacturing output to have risen 0.4 per cent and industrial production 0.5 per cent, indicating a continuing UK recovery.

**German jobless statistics**
In the middle of this week Germany releases March's unemployment figures. Observers are expecting the jobless numbers to rise further towards the 4.5m figure which Ulrich Cartellieri, a Deutsche Bank board member, forecast for the end of this year.

Although seasonal factors might affect the short-term outlook, the consistent upward trend can be counted on, if only because most of German industry – including the banks – are still in the middle of their rationalisation programmes.

**US Masters:** The Australian golfer Greg Norman should be the favourite to win this prestigious tournament in Augusta, Georgia (until 10 April) after clinching the Players Championship last month.

**FT Surveys:** Danish banking and finance; International hotels.

## 8 FRIDAY

### South African summit

ANC leader Nelson Mandela, Chief Mangosuthu Buthelezi, leader of the Zulu Inkatha party, Zulu King Goodwill Zwelithini and South African President F.W. de Klerk will meet to try to resolve the impasse over Zulu participation in the April 26-28 election.

The Zulu leaders demand guarantees on the king's status after the elections. Mandela and de Klerk seek Inkatha's agreement not to impede voting in Natal, which includes the Zulu homeland, KwaZulu, run by Inkatha.

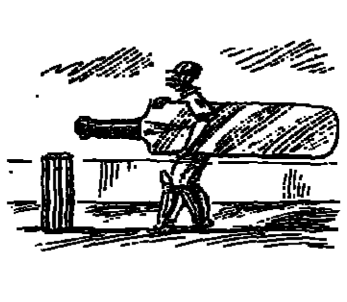
A state of emergency was declared in Natal last Thursday to try to control the escalating violence between ANC and Inkatha supporters.

**EU finance meeting:** European Union finance ministers meet in Athens for two days of informal talks. The main items on the agenda will be the operation of the European Monetary System and the prospects, if any, for a return to the old narrow fluctuation bands for member currencies; the financing of the trans-European networks in road, rail, telecommunications and energy; and the prospects for further cuts in European interest rates to lift the continental economy out of recession.

**Friendship Bridge opens**
The first bridge across the lower Mekong river will be officially opened by Australian prime minister Paul Keating, marking another step in the economic development of south-east Asia. The "Friendship Bridge" linking Vientiane, the capital of landlocked Laos, with the northern Thai town of Nong Khai, was built with Australian aid at a cost of about US$30m.

Thailand and Laos expect the bridge to ease the increasing flow of tourists and trade between the two countries, although some Lao officials are worried that their once isolated country will become a truck stop between southern China and the maritime states of the region.

**Fourth Test match begins**



The fourth Test match between England and the West Indies begins in Bridgetown, Barbados (until 13 April). England's cricketers hope to salvage some pride after their disastrous batting collapse in the last Test, which gave West Indies the series.

**FT Surveys:** Paints and the Environment; East Kent; Switzerland


Mr de KLERK. "I say, Mr Buthelezi, would you be so kind as to lend a hand?"

## 9-10 WEEKEND

### Argentina goes to the polls

Voters in Argentina go to the polls on Sunday to choose a constituent assembly that will rewrite the country's 1853 constitution. Lifting the constitution's ban on consecutive presidential terms will allow President Carlos Menem to run for a second term in 1995. The polls forecast an easy victory for Menem's Peronist party.

**Ukrainian election run-off**
Ukraine faces a complete gas cut-off on Sunday as its citizens return to the polls for run-off elections for the nation's first post-Soviet parliament. Russia's Gazprom is demanding that Ukraine pay its near $1bn gas debt by Sunday.

**The Grand National:** Britain's most famous steeplechase takes place at Aintree, near Liverpool, on Saturday. Last year's race ended in chaos after a false start when several jockeys completed the course ignorant of attempts by officials to stop them. An estimated £60m was lost when the race was then cancelled. The only change this time is that a 'stop man' will be used as a back-up and will follow the horses in a car if there is a false start.

## 11-17 NEXT WEEK

### Gatt pact to be signed

The long-delayed final act of the General Agreement on Tariffs and Trade Uruguay Round trade agreement is due to be signed on Tuesday, 12 April, in Marrakesh, Morocco. Trade ministers will be meeting from Monday to Friday and the US wants discussion to focus on the link between workers' rights and the world trading system.

The signing will come a few days before the expiry of the 'fast-track' negotiating authority extended by Congress to President Clinton in April 1993. Under this procedure Congress must accept or reject a proposed trade agreement, and may not substantially amend it.

**Israeli pull-out deadline**
April 14 is the deadline for Israel to pull its forces out of the Gaza Strip and Jericho in the occupied territories. Recent progress in the talks between Israel and the Palestine Liberation Organisation has meant this date may be met, though there is still disagreement over the size of the Palestinian police force.

*Edited by Robert Anderson. Fax: (+44) (0)71 873 3194.*

# ECONOMIC DIARY

### Other economic news

**Tuesday:** European stock markets resume trading after the Easter break. In Australia the Reserve Bank holds a board meeting, while in Sweden the board of the Riksbank meets.

**Wednesday:** Narrow money supply figures are published in the UK. In February M0 rose at an annual rate of 5.5 per cent, reflecting the buoyancy of retail spending.

Economists expect a 0.5 per cent month-on-month increase in March, with the annual rate picking up to 5.8 per cent. The government's target range is 0-4 per cent.

The UK's official reserves are expected to have dropped by $50m in March. The Bank of Japan governor, Mr Yasushi Mieno, is holding a press conference in Tokyo.

**Thursday:** The French central bank holds its regular council meeting. After last week's rate cut, analysts are optimistic that the bank is now acting more independently of the Bundesbank.

Following last week's sharp increase in non-farm US payrolls, close attention may be paid to the weekly initial jobless claims figures: the average forecast is 326,000.

### Statistics to be released this week

| Day Released | Country | Economic Statistic | Median Forecast | Previous Actual |
|---|---|---|---|---|
| Mon | US | Mar Nat Ass Purchasing Managers | 57% | 56.6% |
| April 4 | Japan | Mar trade balance, 1st 20 days | – | $6.7bn |
| | | | | |
| Tue | US | Feb leading indicators | -0.2% | 0.3% |
| April 5 | US | Feb wholesale trade | – | 0.8% |
| | US | Johnson Redbook, w/e April 2 | – | 3.5% |
| | Japan | Feb current a/c – IMF | $12.2bn | $6.8bn |
| | Japan | Feb trade balance – IMF | – | $8.3bn |
| | Japan | Feb foreign bond investment | – | $3.3bn |
| | Aus'lia | Mar ANZ job ads | – | 18.3% |
| | Aus'lia | Feb retail trade, seas adj | 0.7% | 1.5% |
| | | | | |
| Wed | US | Feb home completions | – | 1.19m |
| April 6 | US | Mar domestic auto sales | 7.5m | 7.3m |
| | US | Mar domestic light truck sales | 6m | 6m |
| | UK | Mar official reserves | -$50m | -$27m |
| | UK | Mar M0* | n/a | 0.9% |
| | UK | Mar M0** | n/a | 5.5% |
| | UK | Feb final money data | – | n/a |
| | | | | |
| Thur | US | Initial claims, w/e April 4 | – | n/a |
| April 7 | US | State benefits, w/e March 26 | – | n/a |
| | US | 1994 real capital spending | 7% | 7% |
| | US | Feb consumer credit | $6.5bn | $6bn |
| | US | M1, w/e Mar 28 | – | n/a |

| Day Released | Country | Economic Statistic | Median Forecast | Previous Actual |
|---|---|---|---|---|
| Thur | US | M2, w/e Mar 28 | – | n/a |
| April 7 | US | M3, w/e Mar 28 | – | n/a |
| (cont) | Germany | Mar unemployment, west, seas/adj | 25,000 | 24,000 |
| | Germany | Feb employment, west, seas/adj | -30,000 | -160,000 |
| | Germany | Mar vacancies, west | 3,000 | 11,000 |
| | Germany | Mar short-time, west | -7,000 | 2,000 |
| | Germany | Mar unemployment, east | -35,000 | 7,000 |
| | France | Jan indust production, seas/adj* | 0.4% | -0.7% |
| | UK | Feb manufacturing output* | 0.4% | 1.1% |
| | UK | Feb manufacturing output** | 1.7% | 2.1% |
| | UK | Feb industrial production* | 0.5% | 0.8% |
| | UK | Feb housing starts | – | n/a |
| | Canada | Mar reserves – change | – | -C$350m |
| | Aus'lia | Mar unemployment, seas/adj | 10.5% | 10.6% |
| | | | | |
| Fri | Canada | Mar employment, seas/adj | – | 0.5% |
| April 8 | Canada | Mar unemployment | – | 11.1% |
| | | | | |
| During this week... | | | | |
| | Germany | Feb industrial production* | 0.2% | 0% |
| | Germany | Feb manufacturing output* | 0.3% | -0.5% |
| | Germany | Feb manufacturing orders* | 0.2% | 1.8% |
| | Germany | Mar cost of living – final** | – | 3.4% |
| | N'lands | Mar consumer prices index** | 2.9% | 3% |

*month on month, **year on year

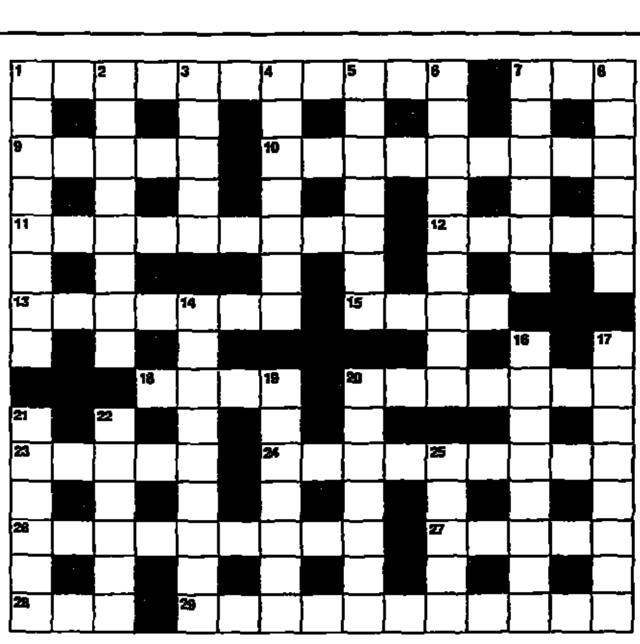
*Statistics, courtesy MMS International.*



## MONDAY PRIZE CROSSWORD
### No.8,420 Set by DINMUTZ

ACROSS
1 Producer of woolly jumpers? (5-6)
7 Bloody, from battle reverse (3)
9 Kew does not open into forest (5)
10 Worker to endure making a stage in a cartwheel? (9)
11 Fairly slow house-god approaching poor quarter (9)
12 Grind away in bolero, desperately (5)
13 Unwanted short nettles (7)
15 Camp of fifteen men, perhaps (4)
18 What can be slipped in a personal column? (4)
20 Marshal of a royal province (7)
23 Room for such wit? (5)
24 Inherited from characters in Lancaster (9)
26 Overseer of studio can turn out (9)
27 Delivery marks? (5)
28 Function of right angles? (3)
29 Winning section of house extension (4-7)

DOWN
1 The main panel-beater in Sunderland, for example (8)
2 Reds done over, having been backed (8)
3 One who batters his wife in front of the kids? (5)
4 Loyal friend is a bowler, perhaps, surrounded by champions (7)
5 Guy leaves to produce tropical fruits (7)
6 Viburnum not nipped in the bud, presumably? (4-5)
7 Object or mind (6)
8 Cheshire town's dead in graves, say (6)
14 Material of a middle girder? (4-5)
16 Most cross-grain set in new pattern (8)
17 Tape-like swimmer, a bargain catch? (4-4)
19 Radioactive material given new start? That is using your head! (7)
20 Emphasises rhythms (7)
21 Lucky charm of many on racecourse (6)
22 Paint's unusual in a medicinal drink (6)
25 Gentleman abroad .... one's retired at the end of September (5)



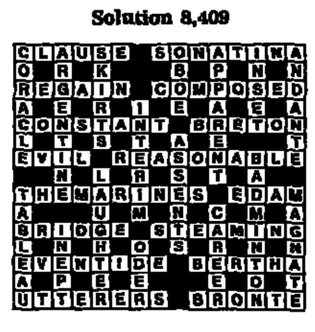
A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday April 14, marked Monday Crossword 8,420 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday April 18.

Name..........................................................

Address........................................................

**Winners 8,409**
C. Morcher, Warlingham, Surrey
Mr and Mrs G. Barratt, Cleethorpes, South Humberside
P. and K. Burns, Gants Hill, Essex
J. Church, Guildford, Surrey
P.P. Dooley, London SE16
A.I. Ogus, Dobcross, Oldham

**Solution 8,409**





هكذا من الاصل